

REFINITIV

DELTA REPORT

10-Q

KLIC - KULICKE & SOFFA INDUSTRIE

10-Q - MARCH 30, 2024 COMPARED TO 10-Q - DECEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 621

 CHANGES 224

 DELETIONS 121

 ADDITIONS 276

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **December 30, 2023** **March 30, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File No.: 0-121

KULICKE AND SOFFA INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation)

23-1498399

(IRS Employer
Identification No.)

23A Serangoon North Avenue 5, #01-01, Singapore 554369

1005 Virginia Dr., Fort Washington, PA 19034

(Address of principal executive offices and Zip Code)

(215) 784-6000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Without Par Value	KLIC	The Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of **January 26, 2024** **April 26, 2024**, there were **56,341,107** **55,463,682** shares of the Registrant's Common Stock, no par value, outstanding.

KULICKE AND SOFFA INDUSTRIES, INC.

FORM 10 – Q

December **March 30, 2023** **2024**

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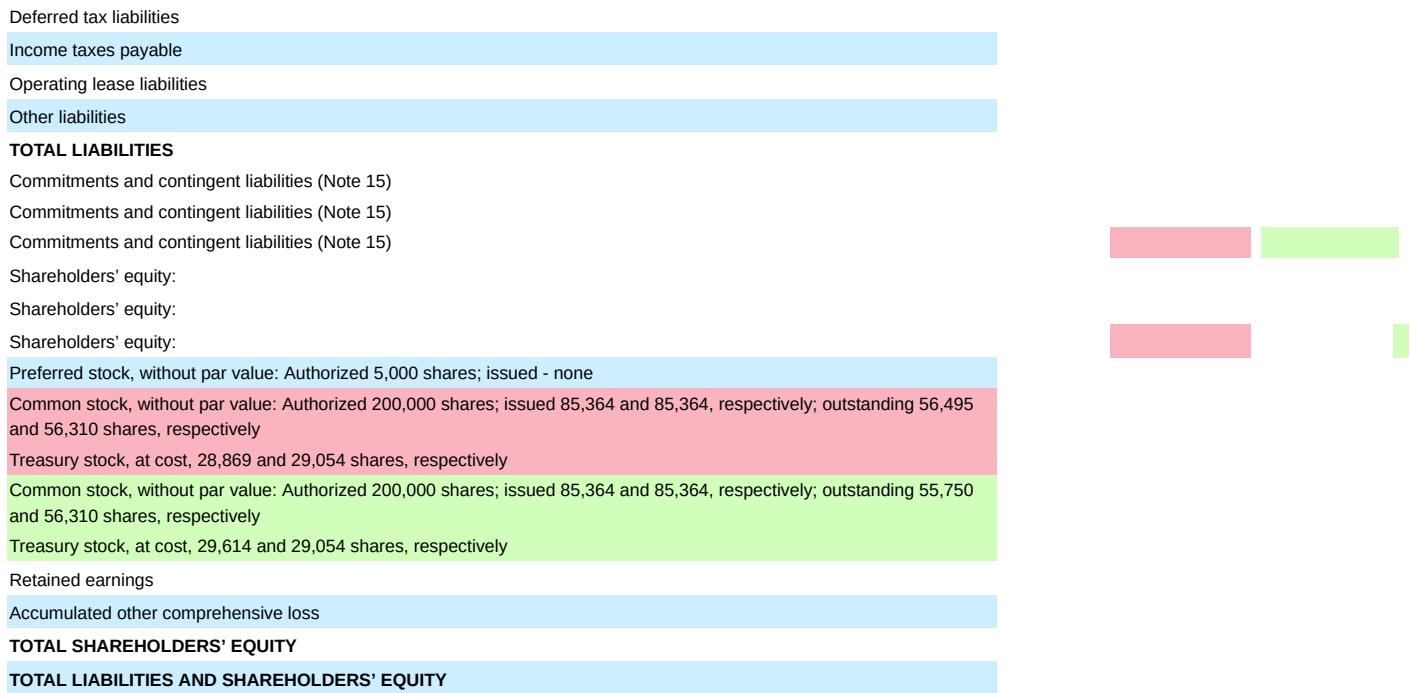
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PART I. - FINANCIAL INFORMATION

Item 1. – FINANCIAL STATEMENTS

KULICKE AND SOFFA INDUSTRIES, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)
(in thousands)

	As of	
	December 30, 2023	September 30, 2023
		September 30, 2023
		March 30, 2024
ASSETS		
Current assets:		
Current assets:		
Current assets:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Short-term investments		
Short-term investments		
Short-term investments		
Accounts and other receivable, net of allowance for doubtful accounts of \$49 and \$49, respectively		
Inventories, net		
Prepaid expenses and other current assets		
Total current assets		
Total current assets		
Total current assets		
Property, plant and equipment, net		
Property, plant and equipment, net		
Property, plant and equipment, net		
Operating right-of-use assets		
Goodwill		
Intangible assets, net		
Deferred tax assets		
Equity investments		
Other assets		
TOTAL ASSETS		
TOTAL ASSETS		
TOTAL ASSETS		
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:	Current liabilities:	Current liabilities:
Accounts payable		
Accounts payable		
Accounts payable		
Operating lease liabilities		
Income taxes payable		
Accrued expenses and other current liabilities		
Total current liabilities		
Total current liabilities		
Total current liabilities		
Deferred tax liabilities		
Deferred tax liabilities		



The accompanying notes are an integral part of these consolidated condensed financial statements.

KULICKE AND SOFFA INDUSTRIES, INC.				
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS (Unaudited)				
(in thousands, except per share data)				
	Three months ended	Three months ended	Three months ended	Six months ended
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Net revenue				
Cost of sales				
Gross profit				
Selling, general and administrative				
Research and development				
Impairment charges				
Operating expenses				
(Loss) / Income from operations				
Interest income				
Interest income				
Interest income				
Interest expense				
(Loss) / Income before income taxes				
Provision for income taxes				
Net (loss) / income				
Net (loss) / income				
Net (loss) / income				
Net revenue				

Net revenue	
Net revenue	
Cost of sales	
Cost of sales	
Cost of sales	
Gross profit	
Gross profit	
Gross profit	
Selling, general and administrative	
Selling, general and administrative	
Selling, general and administrative	
Research and development	
Research and development	
Research and development	
Operating expenses	
Operating expenses	
Operating expenses	
Income from operations	
Income from operations	
Income from operations	
Interest income	
Interest income	
Interest income	
Interest expense	
Interest expense	
Interest expense	
Income before income taxes	
Income before income taxes	
Income before income taxes	
Provision for income taxes	
Provision for income taxes	
Provision for income taxes	
Net income	
Net income	
Net (loss) / income per share:	
Net income	
Net income per share:	
Net income per share:	
Net income per share:	
Net (loss) / income per share:	
Net (loss) / income per share:	
Basic	
Basic	
Basic	
Diluted	
Diluted	
Diluted	
Weighted average shares outstanding:	
Weighted average shares outstanding:	
Weighted average shares outstanding:	
Basic	

Basic
Basic
Diluted
Diluted
Diluted

The accompanying notes are an integral part of these consolidated condensed financial statements.

KULICKE AND SOFFA INDUSTRIES, INC.

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(in thousands)

	Three months ended	
	December 30, 2023	December 31, 2022
Net income	\$ 9,293	\$ 14,589
Other comprehensive income:		
Foreign currency translation adjustment	6,280	14,319
Unrecognized actuarial gain on pension plan, net of tax	(67)	(47)
	6,213	14,272
Derivatives designated as hedging instruments:		
Unrealized gain on derivative instruments, net of tax	1,255	3,093
Reclassification adjustment for loss on derivative instruments recognized, net of tax	215	280
Net increase from derivatives designated as hedging instruments, net of tax	1,470	3,373
Total other comprehensive income	7,683	17,645
Comprehensive income	\$ 16,976	\$ 32,234

	Three months ended		Six months ended	
			March 30, 2024	April 1, 2023
	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Net (loss) / income	\$ (102,680)	\$ 15,041	\$ (93,387)	\$ 29,630
Other comprehensive (loss) / income:				
Foreign currency translation adjustment	(3,027)	1,654	3,253	15,973
Unrecognized actuarial gain / (loss) on pension plan, net of tax	55	(9)	(12)	(56)
	(2,972)	1,645	3,241	15,917
Derivatives designated as hedging instruments:				
Unrealized (loss) / gain on derivative instruments, net of tax	(1,189)	737	66	3,830
Reclassification adjustment for loss / (gain) on derivative instruments recognized, net of tax	28	(578)	243	(298)
Net (decrease) / increase from derivatives designated as hedging instruments, net of tax	(1,161)	159	309	3,532
Total other comprehensive (loss) / income	(4,133)	1,804	3,550	19,449
Comprehensive (loss) / income	\$ (106,813)	\$ 16,845	\$ (89,837)	\$ 49,079

The accompanying notes are an integral part of these consolidated condensed financial statements.

KULICKE AND SOFFA INDUSTRIES, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

	<i>(in thousands)</i>										
	Common Stock Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive (Loss)/Income	Shareholders' Equity	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive (Loss)/Income	Shareholders' Equity
Balances as of September 30, 2023											
Balances as of September 30, 2023											
Balances as of September 30, 2023											
Issuance of stock for services rendered											
Repurchase of common stock											
Issuance of shares for equity-based compensation											
Issuance of shares for equity-based compensation											
Issuance of shares for equity-based compensation											
Equity-based compensation											
Cash dividend declared											
Cash dividend declared											
Cash dividend declared											
Components of comprehensive income:											
Net income											
Net income											
Net income											
Other comprehensive income											
Total comprehensive income											
Balances as of December 30, 2023											
Issuance of stock for services rendered											
Repurchase of common stock											
Issuance of shares for equity-based compensation											
Issuance of shares for equity-based compensation											
Issuance of shares for equity-based compensation											
Equity-based compensation											
Equity-based compensation											
Equity-based compensation											
Cash dividend declared											
Components of comprehensive income:											

Net loss	
Net loss	
Net loss	
Other comprehensive loss	
Total comprehensive loss	
Balances as of March 30, 2024	

	Common Stock			Retained Earnings	Accumulated Other Comprehensive (Loss)/Income		Shareholders' Equity
	Shares	Amount	Treasury Stock		(Loss)/Income		
Balances as of October 1, 2022	57,128	\$ 561,684	\$ (675,800)	\$ 1,341,666	\$ (32,900)	\$ 1,194,650	
Issuance of stock for services rendered	6	180	57	—	—	—	237
Repurchase of common stock	(1,054)	—	(45,382)	—	—	—	(45,382)
Issuance of shares for equity-based compensation	667	(6,412)	6,412	—	—	—	—
Equity-based compensation	—	6,284	—	—	—	—	6,284
Cash dividend declared	—	—	—	(10,794)	—	—	(10,794)
Components of comprehensive income							
Net income	—	—	—	14,589	—	—	14,589
Other comprehensive income	—	—	—	—	17,645	—	17,645
Total comprehensive income	—	—	—	14,589	17,645	—	32,234
Balances as of December 31, 2022	<u>56,747</u>	<u>\$ 561,736</u>	<u>\$ (714,713)</u>	<u>\$ 1,345,461</u>	<u>\$ (15,255)</u>	<u>\$ 1,177,229</u>	

	Common Stock			Retained Earnings	Accumulated Other Comprehensive (Loss)/Income		Shareholders' Equity
	Shares	Amount	Treasury Stock		(Loss)/Income		
Balances as of October 1, 2022	57,128	\$ 561,684	\$ (675,800)	\$ 1,341,666	\$ (32,900)	\$ 1,194,650	
Issuance of stock for services rendered	6	180	57	—	—	—	237
Repurchase of common stock	(1,054)	—	(45,382)	—	—	—	(45,382)
Issuance of shares for equity-based compensation	667	(6,412)	6,412	—	—	—	—
Equity-based compensation	—	6,284	—	—	—	—	6,284
Cash dividend declared	—	—	—	(10,794)	—	—	(10,794)
Components of comprehensive income							
Net income	—	—	—	14,589	—	—	14,589
Other comprehensive income	—	—	—	—	17,645	—	17,645
Total comprehensive income	—	—	—	14,589	17,645	—	32,234
Balances as of December 31, 2022	<u>56,747</u>	<u>\$ 561,736</u>	<u>\$ (714,713)</u>	<u>\$ 1,345,461</u>	<u>\$ (15,255)</u>	<u>\$ 1,177,229</u>	
Issuance of stock for services rendered	5	184	53	—	—	—	237
Repurchase of common stock	(102)	—	(4,990)	—	—	—	(4,990)
Issuance of shares for equity-based compensation	3	(31)	31	—	—	—	—
Equity-based compensation	—	5,142	—	—	—	—	5,142
Cash dividend declared	—	—	—	(10,766)	—	—	(10,766)
Components of comprehensive income:							
Net income	—	—	—	15,041	—	—	15,041
Other comprehensive income	—	—	—	—	1,804	—	1,804
Total comprehensive income	—	—	—	15,041	1,804	—	16,845

Balances as of April 1, 2023	<u>56,653</u>	<u>\$ 567,031</u>	<u>\$ (719,619)</u>	<u>\$ 1,349,736</u>	<u>\$ (13,451)</u>	<u>\$ 1,183,697</u>
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The accompanying notes are an integral part of these consolidated condensed financial statements.

KULICKE AND SOFFA INDUSTRIES, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)

(in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:

CASH FLOWS FROM OPERATING ACTIVITIES:

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income

Net income

Net income

Net (loss) / income

Net (loss) / income

Net (loss) / income

Adjustments to reconcile net income to net cash provided by operating activities:

Adjustments to reconcile net income to net cash provided by operating activities:

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Impairment charges

Impairment charges

Impairment charges

Equity-based compensation and employee benefits

Equity-based compensation and employee benefits

Equity-based compensation and employee benefits

Adjustment for inventory valuation

Adjustment for inventory valuation

Adjustment for inventory valuation

Deferred taxes

Deferred taxes

Deferred taxes

Loss/(Gain) on disposal of property, plant and equipment

Loss/(Gain) on disposal of property, plant and equipment

Loss/(Gain) on disposal of property, plant and equipment

Unrealized fair value changes on equity investment

Unrealized fair value changes on equity investment

Unrealized fair value changes on equity investment

Unrealized foreign currency translation

Unrealized foreign currency translation

Unrealized foreign currency translation

Changes in operating assets and liabilities, net of assets and liabilities assumed in businesses combinations:

Changes in operating assets and liabilities, net of assets and liabilities assumed in businesses combinations:

Changes in operating assets and liabilities, net of assets and liabilities assumed in businesses combinations:

Accounts and other receivable

Accounts and other receivable

Accounts and other receivable
Inventories
Inventories
Inventories
Prepaid expenses and other current assets
Prepaid expenses and other current assets
Prepaid expenses and other current assets
Accounts payable, accrued expenses and other current liabilities
Accounts payable, accrued expenses and other current liabilities
Accounts payable, accrued expenses and other current liabilities
Income taxes payable
Income taxes payable
Income taxes payable
Other, net
Other, net
Other, net
Net cash (used in)/provided by operating activities
Net cash (used in)/provided by operating activities
Net cash (used in)/provided by operating activities
CASH FLOWS FROM INVESTING ACTIVITIES:
CASH FLOWS FROM INVESTING ACTIVITIES:
CASH FLOWS FROM INVESTING ACTIVITIES:
Acquisition of business, net of cash acquired
Acquisition of business, net of cash acquired
Acquisition of business, net of cash acquired
Purchases of property, plant and equipment
Purchases of property, plant and equipment
Purchases of property, plant and equipment
Proceeds from sales of property, plant and equipment
Proceeds from sales of property, plant and equipment
Proceeds from sales of property, plant and equipment
Investment in private equity fund
Investment in private equity fund
Investment in private equity fund
Purchase of short-term investments
Purchase of short-term investments
Purchase of short-term investments
Maturity of short-term investments
Maturity of short-term investments
Maturity of short-term investments
Net cash used in investing activities
Net cash used in investing activities
Net cash used in investing activities
CASH FLOWS FROM FINANCING ACTIVITIES:
CASH FLOWS FROM FINANCING ACTIVITIES:
CASH FLOWS FROM FINANCING ACTIVITIES:
Payment for finance lease
Payment for finance lease
Payment for finance lease
Repurchase of common stock/treasury stock
Repurchase of common stock/treasury stock

Repurchase of common stock/treasury stock
Common stock cash dividends paid
Common stock cash dividends paid
Common stock cash dividends paid
Net cash used in financing activities
Net cash used in financing activities
Net cash used in financing activities
Effect of exchange rate changes on cash and cash equivalents
Effect of exchange rate changes on cash and cash equivalents
Effect of exchange rate changes on cash and cash equivalents
Changes in cash and cash equivalents
Changes in cash and cash equivalents
Changes in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at beginning of period
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period
Cash and cash equivalents at end of period
Cash and cash equivalents at end of period
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:
Property, plant and equipment included in accounts payable and accrued expenses
Property, plant and equipment included in accounts payable and accrued expenses
Property, plant and equipment included in accounts payable and accrued expenses
CASH PAID/(REFUNDED) FOR:
CASH PAID FOR:
CASH PAID/(REFUNDED) FOR:
CASH PAID FOR:
CASH PAID/(REFUNDED) FOR:
CASH PAID FOR:
Interest
Interest
Interest
Income taxes, net of refunds
Income taxes, net of refunds
Income taxes, net of refunds

The accompanying notes are an integral part of these consolidated condensed financial statements.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited

NOTE 1. BASIS OF PRESENTATION

These consolidated condensed financial statements include the accounts of Kulicke and Soffa Industries, Inc. and its subsidiaries ("we," "us," "our," or the "Company"), with appropriate elimination of intercompany balances and transactions.

The interim consolidated condensed financial statements are unaudited and, in management's opinion, include all adjustments (consisting only of normal and recurring adjustments) necessary for a fair statement of results for these interim periods. The interim consolidated condensed financial statements do not include all of the information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023 (the "2023 Annual Report") filed with the Securities and Exchange Commission on November 16, 2023, which includes the Consolidated Balance Sheets as of September 30, 2023 and October 1, 2022, and the related Consolidated Statements of Operations, Statements of Comprehensive Income, Changes in Shareholders' Equity and Cash Flows for each of the years in the

three-year period ended September 30, 2023. The results of operations for any interim period are not necessarily indicative of the results of operations for any other interim period or for a full year.

Fiscal Year

Each of the Company's first three fiscal quarters end on the Saturday that is 13 weeks after the end of the immediately preceding fiscal quarter. The fourth quarter of each fiscal year ends on the Saturday closest to September 30. Fiscal 2024 quarters end on December 30, 2023, March 30, 2024, June 29, 2024 and September 28, 2024. In fiscal years consisting of 53 weeks, the fourth quarter will consist of 14 weeks. Fiscal 2023 quarters ended on December 31, 2022, April 1, 2023, July 1, 2023 and September 30, 2023.

Nature of Business

The Company designs, develops, manufactures and sells capital equipment and tools as well as services, maintains, repairs and upgrades equipment, all used to assemble semiconductor devices. The Company's operating results depend upon the capital and operating expenditures of integrated device manufacturers ("IDMs"), outsourced semiconductor assembly and test providers ("OSATs"), foundry service providers, and other electronics manufacturers and automotive electronics suppliers worldwide which, in turn, depend on the current and anticipated market demand for semiconductors and products utilizing semiconductors. The semiconductor industry is highly volatile and experiences downturns and slowdowns which can have a severe negative effect on the semiconductor industry's demand for semiconductor capital equipment, including assembly equipment manufactured and sold by the Company and, to a lesser extent, tools, solutions and services, including those sold or provided by the Company. These downturns and slowdowns have in the past adversely affected the Company's operating results. The Company believes such volatility will continue to characterize the industry and the Company's operations in the future.

In connection with the cancellation of a project with one of its strategic customers (previously referred to as Project W), on March 11, 2024, the Company committed to a plan to cease operational activities and commence wind down activities concerning various aspects of Project W. The wind down activities are ongoing and are expected to be substantially completed by the end of fiscal year 2024. For additional information, see Note 16: Restructuring and Cancellation of Project in our Notes to the Consolidated Condensed Financial Statements.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

Use of Estimates

The preparation of consolidated condensed financial statements requires management to make assumptions, estimates and judgments that affect the reported amounts of assets and liabilities, net revenue and expenses during the reporting periods, and disclosures of contingent assets and liabilities as of the date of the consolidated condensed financial statements. On an ongoing basis, management evaluates estimates, including but not limited to, those related to accounts receivable, reserves for excess and obsolete inventory and **inventory valuation**, carrying value and lives of fixed assets, goodwill and intangible assets, accrual for customer credit programs, the valuation estimates and assessment of impairment and observable price adjustments, income taxes, equity-based compensation expense, **accrual for employee termination benefits** and warranties. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable. As a result, management makes judgments regarding the carrying values of the Company's assets and liabilities that are not readily apparent from other sources. Authoritative pronouncements, historical experience and assumptions are used as the basis for making estimates, and on an ongoing basis, management evaluates these estimates. Actual results may differ from these estimates.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

In light of macroeconomic headwinds, there has been uncertainty and disruption in the global economy and financial markets. The Company is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of **December 30, 2023** **March 30, 2024**. While there was no material impact from macroeconomic headwinds to our consolidated condensed financial statements as of and for the quarter ended **December 30, 2023** **March 30, 2024**, these estimates may change, as new events occur and additional information is obtained, including factors related to these headwinds, that could materially impact our consolidated condensed financial statements in future reporting periods.

Significant Accounting Policies

There have been no material changes to our significant accounting policies summarized in Note 1: Basis of Presentation to our Consolidated Financial Statements included in our 2023 Annual Report.

Revision of Segment-Related Disclosures within the Previously Issued Consolidated Financial Statements

During the third quarter of fiscal year 2023, in response to comment letters from the staff of the Securities and Exchange Commission (the "SEC"), the Company reconsidered the guidance under ASC 280, *Segment Reporting*, and determined that certain prior period conclusions about the Company's operating and reportable segments were erroneous. As a result, the Company had incorrectly presented certain segment-related disclosures in the notes to our previously issued consolidated financial statements, included in our Annual Report on Form 10-K for the year ended October 1, 2022, originally filed with the SEC on November 17, 2022 (the "Original Form 10-K").

The Company has evaluated the materiality of the incorrect presentation of its segment-related disclosures in the notes to its consolidated financial statements and has concluded that it did not result in a material misstatement of the Company's previously issued consolidated financial statements.

In light of the changes to the Company's operating and reportable segments, the Company has revised, in this Quarterly Report on Form 10-Q, the segment-related disclosures in Note 14: Segment Information, to update the prior period presentation. The effect of this revision has been reflected in all footnotes impacted by this revision.

Recent Accounting Pronouncements

Disclosure Improvements

In October 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. This ASU aligns the requirements in the FASB Accounting Standards Codification with the SEC's regulations. The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics. They will also allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations. This ASU will become effective for each amendment on the date on which the SEC removes the related disclosure from its regulations. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting* (Topic 280): Improvements to Reportable Segment Disclosure, which aims to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments in the ASU enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable investors to better understand an entity's overall performance and assess potential future cash flows. This ASU will be effective for the Company's fiscal year 2025, and interim periods within the fiscal years beginning after the Company's fiscal year 2026. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

Income Taxes

In December 2023, the FASB issued ASU 2023-09 *Income Taxes* (Topic 740): Improvement to Income Tax Disclosures. The amendments in this update are intended to enhance the transparency and decision usefulness of income tax disclosures primarily through changes to the rate reconciliation and income taxes paid information. This ASU will be effective for the Company's fiscal year 2026. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

NOTE 2. BALANCE SHEET COMPONENTS

The following tables reflect the components of significant balance sheet accounts as of December 30, 2023 March 30, 2024 and September 30, 2023:

(in thousands)	(in thousands)	As of		As of	
		December 30, 2023	September 30, 2023	(in thousands)	March 30, 2024
Inventories, net:					
Inventories, net:					
Inventories, net:					
Raw materials and supplies					
Work in process					
Finished goods					
Inventory reserves (1)					
Property, plant and equipment, net:	Property, plant and equipment, net:			Property, plant and equipment, net:	
Land					
Buildings and building improvements					
Leasehold improvements					
Data processing equipment and software					

Machinery, equipment, furniture and fixtures		
Construction in progress		
Accumulated depreciation		
Accumulated impairment ⁽¹⁾		
Accrued expenses and other current liabilities:	Accrued expenses and other current liabilities:	Accrued expenses and other current liabilities:
Accrued customer obligations ⁽¹⁾		
Accrued customer obligations ⁽¹⁾		
Accrued customer obligations ⁽¹⁾		
Wages and benefits		
Accrued customer obligations ⁽²⁾		
Accrued customer obligations ⁽²⁾		
Accrued customer obligations ⁽²⁾		
Wages and benefits ⁽¹⁾		
Dividends payable		
Commissions and professional fees		
Accrued leasehold renovations		
Other		
Other		
Other		

(1) Please see Note 16: Restructuring and Cancellation of Project for more information on the wind down charges and impairments related to the cancellation of Project W.

(2) Represents customer advance payments, customer credit program, accrued warranty expense and accrued retrofit obligations.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

NOTE 3. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Intangible assets classified as goodwill are not amortized. The goodwill established in connection with our acquisitions represents the estimated future economic benefits arising from the assets we acquired that did not qualify to be identified and recognized individually. The goodwill also includes the value of expected future cash flows from the acquisitions, expected synergies with our other affiliates and other unidentifiable intangible assets.

The Company performs an annual impairment test of its goodwill during the fourth quarter of each fiscal year, which coincides with the completion of its annual forecasting and refreshing of business outlook process.

The Company performed its annual impairment test in the fourth quarter of fiscal 2023 and concluded that no impairment charge was required. Any future adverse changes in expected operating results and/or unfavorable changes in other economic factors used to estimate fair values could result in a non-cash impairment in the future.

During the three months ended December 30, 2023 March 30, 2024, the Company reviewed qualitative factors to ascertain if a "triggering" event may have taken place that may have the effect of reducing the fair value of the reporting unit below its carrying value and concluded that no triggering event had occurred. While we have concluded that a triggering event did not occur during the quarter ended December 30, 2023 March 30, 2024, the persistent macroeconomic headwinds could impact the results of operations due to changes to assumptions utilized in the determination of the estimated fair values of the reporting units that could be significant enough to trigger an impairment. Net sales and earnings growth rates could be negatively impacted by reductions or changes in demand for our products. The discount rate utilized in our valuation model could also be impacted by changes in the underlying interest rates and risk premiums included in the determination of the cost of capital.

The following table summarizes the Company's recorded goodwill, where applicable, by reportable segments and the "All Others" category (refer to Note 14 for further information) as of December 30, 2023 March 30, 2024 and September 30, 2023:

(in thousands)	(in thousands)	Wedge Bonding Equipment	APS	All Others	Total (in thousands)	Wedge Bonding Equipment	APS	All Others	Total
Balance at September 30, 2023 ⁽¹⁾									
Other									
Other									
Other									
Balance at December 30, 2023									

Balance at March 30, 2024

(1) Cumulative goodwill impairment pertaining to the "All Others" category as of September 30, 2023 was \$45.0 million.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

Intangible Assets

Intangible assets with determinable lives are amortized over their estimated useful lives. The Company's intangible assets consist primarily of developed technology, customer relationships, in-process research and development, and trade and brand names.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The following table reflects net intangible assets as of December 30, 2023 March 30, 2024 and September 30, 2023:

(dollar amounts in thousands)	(dollar amounts in thousands)	Average estimated useful lives (in years)	As of December 30, 2023			As of September 30, 2023			As of March 30, 2024			As of September 30, 2023			
			Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount	(dollar amounts in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Developed technology															
Developed technology															
Developed technology															
Customer relationships															
Trade and brand name															
Other intangible assets															
In-process research and development															
		\$													
		=													

The following table reflects estimated annual amortization expense related to intangible assets as of December 30, 2023 March 30, 2024:

(in thousands)	As of		
	December 31	March 30, 2023	2024
Remaining fiscal 2024		\$ 3,916	2,535
Fiscal 2025		5,153	5,069
Fiscal 2026		5,153	5,069
Fiscal 2027		4,878	4,794
Fiscal 2028		4,438	4,362
Thereafter		5,378	5,310
Total amortization expense		\$ 28,916	27,139

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

NOTE 4. CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS

Cash equivalents consist of instruments with remaining maturities of three months or less at the date of purchase. In general, these investments are free of trading restrictions.

Cash, cash equivalents, and short-term investments consisted of the following as of **December 30, 2023** **March 30, 2024**:

(in thousands)

(in thousands)

(in thousands)

Current assets:

Current assets:

Current assets:

Cash

Cash

Cash

Cash equivalents:

Cash equivalents:

Cash equivalents:

Money market funds ⁽¹⁾

Money market funds ⁽¹⁾

Money market funds ⁽¹⁾

Time deposits ⁽²⁾

Time deposits ⁽²⁾

Time deposits ⁽²⁾

Total cash and cash equivalents

Total cash and cash equivalents

Total cash and cash equivalents

Short-term investments:

Short-term investments:

Short-term investments:

Time deposits ⁽²⁾

Time deposits ⁽²⁾

Time deposits ⁽²⁾

Total short-term investments

Total short-term investments

Total short-term investments

Total cash, cash equivalents and short-term investments

Total cash, cash equivalents and short-term investments

Total cash, cash equivalents and short-term investments

(1) The fair value was determined using unadjusted prices in active, accessible markets for identical assets, and as such they were classified as Level 1 assets in the fair value hierarchy.

(2) All short-term investments were classified as available-for-sale and the fair value approximates cost basis. The Company did not recognize any realized gains or losses on the sale of investments during the three **and six** months ended **December 30, 2023** **March 30, 2024**.

Cash, cash equivalents and short-term investments consisted of the following as of September 30, 2023:

(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Current assets:				
Cash	\$ 37,292	\$ —	\$ —	\$ 37,292
Cash equivalents:				
Money market funds ⁽¹⁾	202,113	—	(10)	202,103
Time deposits ⁽²⁾	290,007	—	—	290,007
Total cash and cash equivalents	\$ 529,412	\$ —	\$ (10)	\$ 529,402
Short-term investments:				

Time deposits (2)	230,000	—	—	230,000
Total short-term investments	\$ 230,000	\$ —	\$ —	\$ 230,000
Total cash, cash equivalents and short-term investments	\$ 759,412	\$ —	\$ (10)	\$ 759,402

(1) The fair value was determined using unadjusted prices in active, accessible markets for identical assets, and as such they were classified as Level 1 assets in the fair value hierarchy.

(2) All short-term investments were classified as available-for-sale and the fair value approximates cost basis. The Company did not recognize any realized gains or losses on the sale of investments during the three and six months ended December 31, 2022 April 1, 2023.

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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

NOTE 5. EQUITY INVESTMENTS

Equity investments consisted of the following as of December 30, 2023 March 30, 2024 and September 30, 2023:

(in thousands)	(in thousands)	As of		(in thousands)	As of
		December 30, 2023	September 30, 2023		
Non-marketable equity securities					
Non-marketable equity securities					
Non-marketable equity securities					

Net Asset Value ("NAV") (Private Equity Fund): Equity investments in affiliated investment funds are valued based on the NAV reported by the investment fund in accordance with ASC Topic 820-10. Investments held by the affiliated investment fund include a diversified portfolio of investments in the global semiconductor industry. The Company receives distributions through the liquidation of the underlying investments by the affiliated investment fund. However, the period of time over which the underlying investments are expected to be liquidated is unknown. Additionally, the Company's ability to withdraw from the fund is subject to restrictions. The term of the fund will continue until March 18, 2032 unless dissolved earlier or extended by the General Partner. In accordance with ASC Topic 820-10, this investment is measured at fair value using the NAV per share (or its equivalent) practical expedient has not been classified in the fair value hierarchy. As of December 30, 2023 March 30, 2024, the Company has funded \$2.2 million into the affiliated investment fund and recognized a cumulative unrealized fair value loss/gain of \$0.1 million. The Company has recorded the amount of funded capital that has been called as an equity investment.

NOTE 6. FAIR VALUE MEASUREMENTS

Accounting standards establish three levels of inputs that may be used to measure fair value: quoted prices in active markets for identical assets or liabilities (referred to as Level 1), inputs other than Level 1 that are observable for the asset or liability either directly or indirectly (referred to as Level 2) and unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities (referred to as Level 3).

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

We measure certain financial assets and liabilities at fair value on a recurring basis. There were no transfers between fair value measurement levels during the three and six months ended December 30, 2023 March 30, 2024.

Fair Value Measurements on a Nonrecurring Basis

Our non-financial assets such as intangible assets and property, plant and equipment are carried at cost unless impairment is deemed to have occurred.

Fair Value of Financial Instruments

Amounts reported as accounts receivables, prepaid expenses and other current assets, accounts payable and accrued expenses approximate fair value.

NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's international operations are exposed to changes in foreign exchange rates due to transactions denominated in currencies other than U.S. dollars. Most of the Company's revenue and cost of materials are transacted in U.S. dollars. However, a significant amount of the Company's operating expenses is denominated in local currencies, primarily in Singapore.

The foreign currency exposure of our operating expenses is generally hedged with foreign exchange forward contracts. The Company's foreign exchange risk management programs include using foreign exchange forward contracts with cash flow hedge accounting designation to hedge exposures to the variability in the U.S. dollar equivalent of forecasted non-U.S. dollar-denominated operating expenses. These instruments generally mature within twelve months. For these derivatives, we report the after-tax gain or loss from the effective portion of the

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

hedge as a component of accumulated other comprehensive income (loss), and we reclassify it into earnings in the same period or periods in which the hedged transaction affects earnings and in the same line item on the Consolidated Condensed Statements of Operations as the impact of the hedged transaction.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The fair value of derivative instruments on our Consolidated Condensed Balance Sheets as of **December 30, 2023** **March 30, 2024** and September 30, 2023 were as follows:

(in thousands)	As of		As of		As of		As of		As of		As of	
	December 30, 2023		September 30, 2023		March 30, 2024		September 30, 2023		December 30, 2023		September 30, 2023	
	(in thousands)	Notional Amount	Fair Value Asset Derivatives ⁽¹⁾	Notional Amount	Fair Value Liability Derivatives ⁽²⁾	(in thousands)	Notional Amount	Fair Value Asset Derivatives ⁽¹⁾	Notional Amount	Fair Value Liability Derivatives ⁽²⁾	(in thousands)	Notional Amount
Derivatives designated as hedging instruments:												
Foreign exchange forward contracts												
Foreign exchange forward contracts												
Foreign exchange forward contracts												
Total derivatives												

(1) The fair value of derivative assets is measured using level 2 fair value inputs and is included in prepaid expenses and other current assets on our Consolidated Condensed Balance Sheets.

(2) The fair value of derivative liabilities is measured using level 2 fair value inputs and is included in accrued expenses and other current liabilities on our Consolidated Condensed Balance Sheets.

(3) (2) Hedged amounts expected to be recognized to income within the next twelve months.

The effects of derivative instruments designated as cash flow hedges in our Consolidated Condensed Statements of Comprehensive Income for the three and six months ended **December 30, 2023** **March 30, 2024** and **December 31, 2022** **April 1, 2023** were as follows:

(in thousands)	Three months ended		Three months ended		Six months ended	
	Three months ended		Three months ended		Six months ended	
	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)
Foreign exchange forward contract in cash flow hedging relationships:						
Foreign exchange forward contract in cash flow hedging relationships:						
Foreign exchange forward contract in cash flow hedging relationships:						
Net gain recognized in OCI, net of tax ⁽¹⁾						
Net gain recognized in OCI, net of tax ⁽¹⁾						
Net gain recognized in OCI, net of tax ⁽¹⁾						
Net loss reclassified from accumulated OCI into income, net of tax ⁽²⁾						
Net loss reclassified from accumulated OCI into income, net of tax ⁽²⁾						
Net loss reclassified from accumulated OCI into income, net of tax ⁽²⁾						
Net (loss) / gain recognized in OCI, net of tax ⁽¹⁾						
Net (loss) / gain recognized in OCI, net of tax ⁽¹⁾						
Net (loss) / gain recognized in OCI, net of tax ⁽¹⁾						
Net (loss) / gain reclassified from accumulated OCI into income, net of tax ⁽²⁾						

(1) Net change in the fair value of the effective portion classified in OCI.
 (2) Effective portion classified as selling, general and administrative expense.

NOTE 8. LEASES

We have entered into various non-cancellable operating and finance lease agreements for certain of our offices, manufacturing, technology, sales support and service centers, equipment, and vehicles. We determine if an arrangement is a lease, or contains a lease, at inception and record the leases in our financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor. Our lease terms may include one or more options to extend the lease terms, for periods from one year to 20 years, when it is reasonably certain that we will exercise that option. As of December 30, 2023 March 30, 2024, there were four no options to extend the lease which was recognized as a right-of-use ("ROU") asset, or a lease liability. We have lease agreements with lease and non-lease components, and non-lease components are accounted for separately and not included in our leased assets and corresponding liabilities. We have elected not to present short-term leases on the Consolidated Condensed Balance Sheets as these leases have a lease term of 12 months or less at lease inception.

Operating leases are included in operating ROU assets, current operating lease liabilities and non-current operating lease liabilities, and finance leases are included in property, plant and equipment, accrued expenses and other current liabilities, and other liabilities on the Consolidated Condensed Balance Sheets. As of December 30, 2023 March 30, 2024 and September 30, 2023, our finance leases are not material.

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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The following table shows the components of lease expense:

(in thousands)	(in thousands)	Three months ended		Six months ended	
		March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
(in thousands)					
Operating lease expense (1)					
Operating lease expense (1)					
Operating lease expense (1)					

(1) Operating lease expense includes short-term lease expense, which is immaterial for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023.

The following table shows the cash flows arising from lease transactions. Cash payments related to short-term leases are not included in the measurement of operating lease liabilities, and, as such, are excluded from the amounts below:

(in thousands)	Three months ended		Six months ended	
	(in thousands)	December 30, 2023	(in thousands)	March 30, 2024
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash outflows from operating leases				
Operating cash outflows from operating leases				
Operating cash outflows from operating leases				

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The following table shows the weighted-average lease terms and discount rates for operating leases:

Operating leases:	December 30, 2023
Operating leases:	December 30, 2023
Operating leases:	December 30, 2023
Operating leases:	March 30, 2024
Operating leases:	March 30, 2024
Operating leases:	March 30, 2024

Weighted-average remaining lease term (in years):

Weighted-average remaining lease term (in years):

Weighted-average remaining lease term (in years):

Weighted-average discount rate:

Weighted-average discount rate:

Weighted-average discount rate:

Future lease payments, excluding short-term leases, as of December 30, 2023 March 30, 2024, are detailed as follows:

	As of		
(in thousands)	December	March 30, 2023	2024
Remaining fiscal 2024	\$	7,346	4,849
Fiscal 2025		9,632	9,453
Fiscal 2026		8,959	7,037
Fiscal 2027		7,052	5,041
Fiscal 2028		6,590	4,780
Thereafter		23,110	22,606
Total minimum lease payments	\$	62,689	53,766
Less: Interest	\$	14,272	12,438
Present value of lease obligations	\$	48,417	41,328
Less: Current portion	\$	6,697	7,021
Long-term portion of lease obligations	\$	41,720	34,307

KULICKE AND SOFFA INDUSTRIES, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Unaudited (continued)

NOTE 9. DEBT AND OTHER OBLIGATIONS

Bank Guarantees

On November 22, 2013, the Company obtained a \$5.0 million credit facility with Citibank in connection with the issuance of bank guarantees for operational purposes. As of December 30, 2023 March 30, 2024, the outstanding amount under this facility was \$5.0 million \$4.9 million.

Credit Facilities

On February 15, 2019, the Company entered into a Facility Letter and Overdraft Agreement (collectively, the "Facility Agreements") with MUFG Bank, Ltd., Singapore Branch (the "Bank"). The Facility Agreements provide the Company and one of its subsidiaries with an overdraft facility of up to \$150.0 million (the "Overdraft Facility") for general corporate purposes. Amounts outstanding under the Overdraft Facility, including interest, are payable upon thirty days written demand by the Bank. Interest on the Overdraft Facility is calculated on a daily basis, and the applicable interest rate is calculated at the Secured Overnight Financing Rate ("SOFR") plus a margin of 1.5% per annum. The Overdraft Facility is an unsecured facility per the terms of the Facility Agreements. The Facility Agreements contain customary non-financial covenants, including, without limitation, covenants that restrict the Company's ability to sell or dispose of its assets, cease owning at least 51% of two of its subsidiaries (the "Subsidiaries"), or encumber its assets with material security interests (including any pledge of monies in the Subsidiaries' cash deposit account with the Bank). The Facility Agreements also contain typical events of default, including, without limitation, non-payment of financial obligations when due, cross defaults to other material indebtedness of the Company and any breach of a representation or warranty under the Facility Agreements. As of December 30, 2023 March 30, 2024, there were no outstanding amounts under the Overdraft Facility.

KULICKE AND SOFFA INDUSTRIES, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Unaudited (continued)

NOTE 10. SHAREHOLDERS' EQUITY AND EMPLOYEE BENEFIT PLANS

Share Repurchase Program

On August 15, 2017, the Company's Board of Directors authorized a program (the "Program") to repurchase up to \$100 million of the Company's common stock on or before August 1, 2020. In 2018, 2019 and 2020, the Board of Directors increased the share repurchase authorization under the Program to \$200 million, \$300 million, and \$400 million, respectively. On March 3, 2022, the Board of Directors further increased the share repurchase authorization under the Program by an additional \$400 million to \$800 million, and extended its duration through August 1, 2025. On November 17, 2023, the Company modified its written trading plan under Rule 10b5-1 of the Exchange Act, such plan as first entered into on May 7, 2022, to facilitate repurchases under the Program. The purpose of the modification was to revise the previously established amounts and prices under the modified plan by providing for permits the purchase of up to approximately \$169 million of the Company's common stock from November 20, 2023 through August 1, 2025. The Program may be suspended or discontinued at any time and is funded using the Company's available cash, cash equivalents and short-term investments. Under the Program,

shares may be repurchased through open market and/or privately negotiated transactions at prices deemed appropriate by management. The timing and amount of repurchase transactions under the Program depend on market conditions as well as corporate and regulatory considerations.

During the three and six months ended December 30, 2023 March 30, 2024, the Company repurchased a total of approximately 555.6 thousand and 1,310.2 thousand shares of common stock under the Program at a cost of approximately \$26.8 million, \$37.3 million and \$64.1 million, respectively. The stock repurchases were recorded in the periods they the repurchased shares were delivered and accounted for as treasury stock in the Company's Consolidated Condensed Balance Sheets. The Company records treasury stock purchases under the cost method using the first-in, first-out (FIFO) method. Upon re-issuance of treasury stock, amounts in excess of the acquisition cost are credited to additional paid-in capital.

If the Company reissues treasury stock at an amount below its acquisition cost and additional paid-in capital associated with prior treasury stock transactions is insufficient to cover the difference between acquisition cost and the reissue price, this difference is recorded against retained earnings.

As of December 30, 2023 March 30, 2024, our remaining stock repurchase authorization under the Program was approximately \$154.2 million \$116.9 million.

KULICKE AND SOFFA INDUSTRIES, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Unaudited (continued)

Dividends

On November 15, 2023, the Board of Directors declared a quarterly dividend of \$0.20 per share of common stock. Dividends paid during the three and six months ended December 30, 2023 March 30, 2024 totaled \$10.7 million, \$11.3 million and \$22.0 million, respectively. The declaration of any future cash dividend is at the discretion of the Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements, business conditions and other factors, as well as a determination that such dividends are in the best interests of the Company's shareholders.

Accumulated Other Comprehensive Loss

The following table reflects accumulated other comprehensive loss reflected on the Consolidated Condensed Balance Sheets as of December 30, 2023 March 30, 2024 and September 30, 2023:

(in thousands)	As of		As of	
	(in thousands)	December 30, 2023	(in thousands)	March 30, 2024
Loss from foreign currency translation adjustments				September 30, 2023
Unrecognized actuarial loss on pension plan, net of tax				
Unrealized gain/(loss) on hedging				
Unrealized loss on hedging				
Accumulated other comprehensive loss				

KULICKE AND SOFFA INDUSTRIES, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Unaudited (continued)

Equity-Based Compensation

The Company has a stockholder-approved equity-based compensation plan, the 2021 Omnibus Incentive Plan (the "Plan") from which employees and directors receive grants. As of December 30, 2023 March 30, 2024, 1.7 million 1.8 million shares of common stock are available for grant to the Company's employees and directors under the Plan.

- Relative Total Shareholder Return Performance Share Units ("Relative TSR PSUs") entitle the employee to receive common stock of the Company on the award vesting date, typically the third anniversary of the grant date (or as soon as administratively practicable if later), if market performance objectives which measure the relative TSR are attained. Relative TSR is calculated based upon the 90-calendar day average price at the end of the performance period of the Company's stock as compared to specific peer companies that comprise the GICS (45301020) Semiconductor Index. TSR is measured for the Company and each peer company over a performance period, which is generally three years. Vesting percentages range from 0% to 200% of awards granted. The provisions of the Relative TSR PSUs are reflected in the grant date fair value of the award; therefore, compensation expense is recognized regardless of whether the market condition is ultimately satisfied. Compensation expense is reversed if the award is forfeited prior to the vesting date.
- Revenue Growth Performance Share Units ("Growth PSUs") entitle the employee to receive common stock of the Company on the award vesting date, typically the third anniversary of the grant date (or as soon as administratively practicable if later), based on organic revenue growth objectives and relative growth performance against named competitors as set by the Management Development and Compensation Committee ("MDCC") of the Company's Board of Directors. Organic revenue growth is calculated by averaging revenue growth (net of revenues from acquisitions) over a performance period, which is generally three years. Revenues from acquisitions will be included in the calculation after four fiscal quarters after acquisition. Any portion of the grant that does not meet the revenue growth objectives and relative growth performance is forfeited. Vesting percentages range from 0% to 200% of awards granted.
- In general, Time-based Restricted Share Units ("Time-based RSUs") awarded to employees vest ratably over a three-year period on the anniversary of the grant date provided the employee remains employed by the Company.

Equity-based compensation expense recognized in the Consolidated Condensed Statements of Operations for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023 was based upon awards ultimately expected to vest, with forfeiture accounted for when they occur.

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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The following table reflects Time-based RSUs, Relative TSR PSUs, Growth PSUs and common stock granted during the three **and six** months ended **December 30, 2023** **March 30, 2024** and **December 31, 2022** **April 1, 2023**:

(shares in thousands)	(shares in thousands)	Three months ended		Six months ended	
		March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Time-based RSUs					
Time-based RSUs					
Time-based RSUs					
Relative TSR PSUs					
Relative TSR PSUs					
Relative TSR PSUs					
Growth PSUs					
Growth PSUs					
Growth PSUs					
Common stock					
Common stock					
Common stock					
Equity-based compensation in shares					
Equity-based compensation in shares					
Equity-based compensation in shares					

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The following table reflects total equity-based compensation expense, which includes Time-based RSUs, Relative TSR PSUs, Growth PSUs and common stock, included in the Consolidated Condensed Statements of Operations during the three **and six** months ended **December 30, 2023** **March 30, 2024** and **December 31, 2022** **April 1, 2023**:

(in thousands)	(in thousands)	Three months ended		Six months ended	
		March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Cost of sales					
Cost of sales					
Cost of sales					
Selling, general and administrative					
Selling, general and administrative					
Selling, general and administrative					
Research and development					
Research and development					
Research and development					
Total equity-based compensation expense					
Total equity-based compensation expense					
Total equity-based compensation expense					

The following table reflects equity-based compensation expense, by type of award, for the three **and six** months ended **December 30, 2023** **March 30, 2024** and **December 31, 2022** **April 1, 2023**:

	Three months ended	Six months ended

(in thousands)	(in thousands)	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
(in thousands)					
(in thousands)					
Time-based RSUs					
Time-based RSUs					
Time-based RSUs					
Relative TSR PSUs					
Relative TSR PSUs					
Relative TSR PSUs					
Growth PSUs					
Growth PSUs					
Growth PSUs					
Common stock					
Common stock					
Common stock					
Total equity-based compensation expense					
Total equity-based compensation expense					
Total equity-based compensation expense					

NOTE 11. REVENUE AND CONTRACT BALANCES

The Company recognizes revenue when we satisfy performance obligations as evidenced by the transfer of control of our products or services to customers. In general, the Company generates revenue from product sales, either directly to customers or to distributors. In determining whether a contract exists, we evaluate the terms of the agreement, the relationship with the customer or distributor and their ability to pay. Service revenue is generally recognized over time as the services are performed. For the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023, the service revenue was not material.

The Company reports revenue based on its reportable segments and end markets, which provides information about how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Please refer to Note 14: Segment Information, for disclosure of revenue by segment and end markets.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

Contract Balances

Our contract assets relate to our rights to consideration for revenue with collection dependent on events other than the passage of time, such as the achievement of specified payment milestones. The contract assets will be transferred to net account receivables as our right to consideration for these contract assets become unconditional. Contracts assets are reported in the accompanying Consolidated Condensed Balance Sheets within prepaid expenses and other current assets.

Our contract liabilities are primarily related to payments received in advance of satisfying performance obligations, and are reported in the accompanying Consolidated Condensed Balance Sheets within accrued expenses and other current liabilities.

Contract liabilities increase as a result of receiving new advance payments from customers and decrease as revenue is recognized from product sales under advance payment arrangements upon satisfying the performance obligations.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The following table shows the changes in contract asset balances during the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

	Three months ended	Three months ended	Three months ended	Six months ended	
	Three months ended				
	Three months ended				
(in thousands)					
(in thousands)					
(in thousands)	(in thousands)	March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Contract assets, beginning of period					
Contract assets, beginning of period					

Contract assets, beginning of period
Additions
Additions
Additions
Transferred to accounts receivable or collected
Transferred to accounts receivable or collected
Transferred to accounts receivable or collected
Contract assets, end of period
Contract assets, end of period
Contract assets, end of period

The following table shows the changes in contract liability balances during the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

		Three months ended	Three months ended	Three months ended	Six months ended
		Three months ended	Three months ended	Three months ended	
	(in thousands)				
	(in thousands)				
	(in thousands)				
Contract liabilities, beginning of period		(in thousands)	March 30, 2024	April 1, 2023	March 30, 2024
Contract liabilities, beginning of period					April 1, 2023
Contract liabilities, beginning of period					
Revenue recognized					
Revenue recognized					
Revenue recognized					
Additions					
Additions					
Additions					
Contract liabilities, end of period					
Contract liabilities, end of period					
Contract liabilities, end of period					

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

NOTE 12. (LOSS) EARNINGS PER SHARE

Basic (loss)/income per share is calculated using the weighted average number of shares of common stock outstanding during the period. Restricted stock are included in the calculation of diluted earnings per share, except when their effect would be anti-dilutive. For the three and six months ended March 30, 2024, restricted stock were excluded due to the net loss the Company incurred during those periods.

The following table reflects a reconciliation of the shares used in the basic and diluted net income per share computation for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(in thousands, except per share data)	Three months ended			
	December 30, 2023		December 31, 2022	
	Basic	Diluted	Basic	Diluted
NUMERATOR:				
Net income	\$ 9,293	\$ 9,293	\$ 14,589	\$ 14,589
DENOMINATOR:				
Weighted average shares outstanding - Basic	<u>56,650</u>	<u>56,650</u>	<u>57,051</u>	<u>57,051</u>
Dilutive effect of Equity Plans	373	373	678	678
Weighted average shares outstanding - Diluted	<u>57,023</u>	<u>57,023</u>	<u>57,729</u>	<u>57,729</u>

EPS:					
Net income per share - Basic	\$ 0.16	\$ 0.16	\$ 0.26	\$ 0.26	
Effect of dilutive shares		—			(0.01)
Net income per share - Diluted		\$ 0.16		\$ 0.25	
Anti-dilutive shares ⁽¹⁾		25			1

(in thousands, except per share data)	Three months ended			
	March 30, 2024		April 1, 2023	
	Basic	Diluted	Basic	Diluted
NUMERATOR:				
Net (loss)/income	\$ (102,680)	\$ (102,680)	\$ 15,041	\$ 15,041
DENOMINATOR:				
Weighted average shares outstanding - Basic	56,154	56,154	56,684	56,684
Dilutive effect of Equity Plans	—	—	893	893
Weighted average shares outstanding - Diluted	56,154	56,154	57,577	57,577
EPS:				
Net (loss)/income per share - Basic	\$ (1.83)	\$ (1.83)	\$ 0.27	\$ 0.27
Effect of dilutive shares	—	—	(0.01)	(0.01)
Net (loss)/income per share - Diluted	\$ (1.83)	\$ (1.83)	\$ 0.26	\$ 0.26
Anti-dilutive shares ⁽¹⁾		416		0
Six months ended				
(in thousands, except per share data)	March 30, 2024		April 1, 2023	
	Basic	Diluted	Basic	Diluted
	\$ (93,387)	\$ (93,387)	\$ 29,630	\$ 29,630
NUMERATOR:				
Net (loss)/income	56,402	56,402	56,868	56,868
DENOMINATOR:	—	—	871	871
Weighted average shares outstanding - Basic	56,402	56,402	57,739	57,739
Dilutive effect of Equity Plans	—	—	—	—
Weighted average shares outstanding - Diluted	56,402	56,402	57,739	57,739
EPS:				
Net (loss)/income per share - Basic	\$ (1.66)	\$ (1.66)	\$ 0.52	\$ 0.52
Effect of dilutive shares	—	—	(0.01)	(0.01)
Net (loss)/income per share - Diluted	\$ (1.66)	\$ (1.66)	\$ 0.51	\$ 0.51
Anti-dilutive shares ⁽¹⁾		412		1

(1) Represents the Time-based RSUs, Relative TSR PSUs and Growth PSUs that are excluded from the calculation of diluted earnings per share for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023 as the effect would have been anti-dilutive.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

NOTE 13. INCOME TAXES

The following table reflects the provision for income taxes and the effective tax rate for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(dollar amounts in thousands)	(dollar amounts in thousands)	Three months ended		Six months ended	
		March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023

(dollar amounts in thousands)						
(dollar amounts in thousands)						
Provision for income taxes						
Provision for income taxes						
Provision for income taxes						
Effective tax rate	Effective tax rate	(6.6)	%	27.0	%	(10.2)
Effective tax rate						
Effective tax rate						

For the three and six months ended December 30, 2023 March 30, 2024 as compared to the three and six months ended April 1, 2023, the change in provision for income taxes was primarily due to an increase in valuation allowance recorded against certain deferred tax assets during the quarter, offset by the decrease in provision for income taxes and resulting from lower profitability. The decrease in effective tax rate as compared to the prior year period was primarily due to lower profitability and the tax benefit from the one-time charge for cancellation of Project W which was recorded as a decrease discrete during the quarter, partially offset by an increase in global intangible low-taxed income ("GILTI"), valuation allowance recorded against certain deferred tax assets which was also recorded as a discrete during the quarter.

For the three and six months ended December 30, 2023 March 30, 2024, the effective tax rate is lower than the U.S. federal statutory tax rate primarily due to the two discrete tax items discussed above, foreign income earned in lower tax jurisdictions, tax incentives, and tax credits, partially offset by GILTI credits.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

NOTE 14. SEGMENT INFORMATION

Reportable segments are defined as components of an enterprise that engage in business activities for which discrete financial information is available and regularly reviewed by the chief operating decision maker (the "CODM") in deciding how to allocate resources and assess performance. The Company's Chief Executive Officer is the CODM. The CODM does not review discrete asset information.

As discussed in Note 1, during the third quarter of fiscal year 2023, the Company reconsidered the guidance under ASC 280, *Segment Reporting*, and determined that certain prior period conclusions about the Company's operating and reportable segments were erroneous. As a result, the Company had incorrectly presented certain segment-related disclosures in the notes to our previously issued consolidated financial statements, included in our Original Form 10-K.

The Company has revised the prior period presentation to reflect its four reportable segments as follows: (1) Ball Bonding Equipment, (2) Wedge Bonding Equipment, (3) Advanced Solutions, and (4) Aftermarket Products and Services ("APS"). The four reportable segments are disclosed below:

Ball Bonding Equipment: Reflects the results of the Company from the design, development, manufacture and sale of ball bonding equipment and wafer level bonding equipment.

Wedge Bonding Equipment: Reflects the results of the Company from the design, development, manufacture and sale of wedge bonding equipment.

Advanced Solutions: Reflects the results of the Company from the design, development, manufacture and sale of certain advanced display, die-attach and thermocompression systems and solutions.

APS: Reflects the results of the Company from the design, development, manufacture and sale of a variety of tools, spares and services for our equipment.

Any other operating segments that have not been aggregated within the reportable segments described above which do not meet the quantitative threshold to be disclosed as a separate reportable segment have been grouped within an "All Others" category. This group is reflective of the results of the Company from the design, development, manufacture and sale of certain advanced display, advanced dispense, electronics assembly, die-attach and lithography systems and solutions. Results for the "All Others" category and other corporate expenses are included as a reconciling item between the Company's reportable segments and its consolidated results of operations.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The following table reflects operating information by segment for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(in thousands)	(in thousands)	Three months ended		Six months ended	
		March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
(in thousands)	(in thousands)				
(in thousands)	(in thousands)				
Net revenue:					
Net revenue:					
Net revenue:	Net revenue:				

Ball Bonding Equipment	
Ball Bonding Equipment	
Ball Bonding Equipment	
Wedge Bonding Equipment	
Wedge Bonding Equipment	
Wedge Bonding Equipment	
Advanced Solutions	
Advanced Solutions	
Advanced Solutions	
APS	
APS	
APS	
All Others	
All Others	
All Others	
Net revenue	
Net revenue	
Net revenue	
Income/(loss) from operations:	
Income/(loss) from operations:	
Income/(loss) from operations:	
Ball Bonding Equipment	
Ball Bonding Equipment	
Ball Bonding Equipment	
Wedge Bonding Equipment	
Wedge Bonding Equipment	
Wedge Bonding Equipment	
Advanced Solutions	
Advanced Solutions	
Advanced Solutions	
APS	
APS	
APS	
All Others	
All Others	
All Others	
Corporate Expenses	
Income from operations	
Income from operations	
Income from operations	

We have considered: (1) information that is regularly reviewed by our CODM in evaluating financial performance and how to allocate resources; and (2) other financial data, including information that we include in our earnings releases but which is not included in our financial statements, to disaggregate revenues by end markets served. The principal category we use to disaggregate revenues is by the end markets served.

The following table reflects net revenue by end markets served for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(in thousands)	(in thousands)	Three months ended		Six months ended	
		March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
(in thousands)	(in thousands)				
(in thousands)	(in thousands)				
General Semiconductor					

General Semiconductor
General Semiconductor
Automotive & Industrial
Automotive & Industrial
Automotive & Industrial
LED
LED
LED
Memory
Memory
Memory
APS
APS
APS
Total revenue
Total revenue
Total revenue

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The following table reflects capital expenditures, depreciation expense and amortization expense for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(in thousands)	(in thousands)	Three months ended		Six months ended	
		March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
(in thousands)					
(in thousands)					
(in thousands)					
Capital expenditures:					
Capital expenditures:					
Capital expenditures:	Capital expenditures:				
Ball Bonding Equipment					
Ball Bonding Equipment					
Ball Bonding Equipment					
Wedge Bonding Equipment					
Wedge Bonding Equipment					
Wedge Bonding Equipment					
Advanced Solutions					
Advanced Solutions					
Advanced Solutions					
APS					
APS					
APS					
All Others					
All Others					
All Others					
Corporate Expenses					
Corporate Expenses					
Corporate Expenses					
	\$				

	\$
Depreciation expense:	
Depreciation expense:	
Depreciation expense:	
Ball Bonding Equipment	
Ball Bonding Equipment	
Ball Bonding Equipment	
Wedge Bonding Equipment	
Wedge Bonding Equipment	
Wedge Bonding Equipment	
Advanced Solutions	
Advanced Solutions	
Advanced Solutions	
APS	
APS	
APS	
All Others	
All Others	
All Others	
Corporate Expenses	
Corporate Expenses	
Corporate Expenses	
	\$
	\$
	\$
Amortization expense:	
Amortization expense:	
Amortization expense:	
Ball Bonding Equipment	
Ball Bonding Equipment	
Ball Bonding Equipment	
Wedge Bonding Equipment	
Wedge Bonding Equipment	
Wedge Bonding Equipment	
Advanced Solutions	
Advanced Solutions	
Advanced Solutions	
APS	
APS	
APS	
All Others	
All Others	
All Others	
Corporate Expenses	
Corporate Expenses	
Corporate Expenses	
	\$
	\$
	\$

NOTE 15. COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS

Warranty Expense

The Company's equipment is generally shipped with a one-year warranty against manufacturing defects. The Company establishes reserves for estimated warranty expense when revenue for the related equipment is recognized. The reserve for estimated warranty expense is based upon historical experience and management's estimate of future warranty costs, including product part replacement, freight charges and related labor costs expected to be incurred in correcting manufacturing defects during the warranty period.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The following table reflects the reserve for warranty activity for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(in thousands)	(in thousands)	Three months ended		Six months ended	
		March 30, 2024	April 1, 2023	March 30, 2024	April 1, 2023
Reserve for warranty, beginning of period					
Reserve for warranty, beginning of period					
Reserve for warranty, beginning of period					
Provision for warranty					
Provision for warranty					
Provision for warranty					
Utilization of reserve					
Utilization of reserve					
Utilization of reserve					
Reserve for warranty, end of period					
Reserve for warranty, end of period					
Reserve for warranty, end of period					

Other Commitments and Contingencies

The following table reflects obligations not reflected on the Consolidated Condensed Balance Sheets as of December 30, 2023 March 30, 2024:

(in thousands)	(in thousands)	Payments due by fiscal year					Payments due by fiscal year									
		Total	2024	2025	2026	2027	2028	Thereafter	(in thousands)	Total	2024	2025	2026	2027	2028	Thereafter
Inventory purchase obligation ⁽¹⁾																

(1) The Company orders inventory components in the normal course of its business. A portion of these orders are non-cancelable and a portion may have varying penalties and charges in the event of cancellation.

From time to time, the Company is party to or the target of lawsuits, claims, investigations and proceedings, including for personal injury, intellectual property, commercial, contract, and employment matters, which are handled and defended in the ordinary course of business. The Company accrues a contingent loss liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. When a single amount cannot be reasonably estimated but the cost can be estimated within a range, the Company accrues the minimum amount. The Company expenses legal costs, including those expected to be incurred in connection with a loss contingency, as incurred.

Unfunded Capital Commitments

As of December 30, 2023 March 30, 2024, the Company also has an obligation to fund uncalled capital commitments of approximately \$7.8 million, as and when required, in relation to its investment in a private equity fund.

Concentrations

The following table reflects significant customer concentrations as a percentage of net revenue for the three six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

First Technology China Ltd. ⁽¹⁾	Three		Six months ended		*	*	11.2	11.9 %				
	December 31, 2022 April 1, 2023		December March 30, 2023 2024									
	2023	2024	2023	2024								
Matfron (Shanghai) Semiconductor Technology Forehope Electronic (Ningbo) Co.,Ltd.							10.6	13.8 %				

* Represents less than 10% of total net revenue

(1) Distributor of the Company's products

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

The following table reflects significant customer concentrations as a percentage of total accounts receivable as of December 31, 2022, March 30, 2024, and December 31, 2022, April 1, 2023:

	As of			
			December 31, 2022	April 1, 2023
	December	March 30, 2023	2024	2023
Intel Corporation			*	14.6 %
Forehope Electronic (Ningbo) Co., Ltd.		10.7	25.4 %	*
Tianshui Huatian Technology Co., Ltd.			11.6 %	*
Haoseng Industrial Co., Ltd. (1)			*	15.7 %

* Represents less than 10% of total accounts receivable

NOTE 16. RESTRUCTURING AND CANCELLATION OF PROJECT

Previously referred to as Project W, the Company was engaged with one of its strategic customers (the "Customer") to support the Customer with the development and future mass production of certain technologies relating to advanced display (the "Project"). In connection with the Customer's strategic review of its business, the Customer has informed the Company that it has cancelled the Project.

In connection with the foregoing, on March 11, 2024, the Company committed to a plan to cease operational activities and commence wind down activities concerning various aspects of Project W. The wind down activities are ongoing and are expected to be substantially completed by end of fiscal year 2024.

Wind down charges as a result of these activities incurred during the period ended March 30, 2024 were accounted in accordance with ASC 330, *Inventory* and ASC 712, *Compensation—Nonretirement Postemployment Benefits*. The Company also performed the impairment tests of all associated assets with reference to the guidance under ASC 330, *Inventory* and ASC 360, *Property, Plant and Equipment*. The wind down charges and impairments are primarily recorded in the Advanced Solutions reportable segment. Based on current information available, we do not expect any material future charges with respect to the cancellation of Project W that will be classified as exit and disposal costs under the guidance of ASC 420, *Exit or Disposal Cost Obligations*. We plan to fund the cash costs through existing cash balances.

In addition to the cancellation of Project W, in March 2024, the Company also implemented a restructuring program to reallocate resources within the Company to enhance its performance, boost productivity and drive efficiency initiatives. The accrued costs pertaining to ongoing employee benefit arrangements arising from the restructuring program as of March 30, 2024 is accounted in accordance with ASC 712 and is expected to be paid by the end of fiscal year 2024.

The following table presents a summary of the charges related to the cancellation of Project W and restructuring expenses incurred for the period ended March 30, 2024.

(in thousands)	Statement of Operations Classification	Total Recognized as of	
		March 30, 2024	March 30, 2024
Charges			
Inventory write-down	Cost of sales	\$ 57,333	
Purchase Order cancellation charges	Cost of sales	\$ 2,834	
Employee termination benefits	Selling, general and administrative	\$ 2,940	
Impairment charges relating to long-lived assets	Impairment charges	\$ 44,472	
		<hr/> \$ 107,579	

Inventory write-down

In determining the value of our inventory, we consider indicators that net realizable value may be lower than cost based upon projections about future consumption, and market conditions. We recorded a write-down to inventory totaling \$57.3 million with a corresponding increase to cost of sales in our consolidated condensed statement of operations for the three and six months ended March 30, 2024. See Note 2 for inventory balances.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
Unaudited (continued)

Employee termination benefits

At March 30, 2024, accrued employee termination costs of \$2.9 million related to other severance and employee costs incurred as a result of the cancellation of Project W and the restructuring program, primarily pertaining to ongoing employee benefit arrangements arising, were recorded within accrued compensation and benefits in our consolidated condensed balance sheet.

Purchase Order cancellation charges

At March 30, 2024, \$2.8 million of purchase order cancellation charges are included in accrued expenses and other current liabilities in our consolidated condensed balance sheet. These costs relate to a net loss on firm purchase commitments for goods for inventory in accordance with ASC 330.

Impairment charges relating to long-lived assets

At March 30, 2024, we recorded an impairment charge of \$38.0 million related to property, plant and equipment, \$3.0 million related to the ROU assets and \$3.5 million related to Asset Retirement Obligation (ARO).

Item 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

In addition to historical information, this filing contains statements relating to future events or our future results. These statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are subject to the safe harbor provisions created by statute. Such forward-looking statements include, but are not limited to, statements with respect to our future revenue increasing, continuing or strengthening, or decreasing or weakening; our capital allocation strategies, including any share repurchases; demand for our products, including replacement demand; our research and development effort; our ability to identify and realize new growth opportunities; our ability to control costs; our expectations regarding our wind down activities related to Project W and the impact of the cancellation of Project W on our results of operations and financial condition; and our operational flexibility as a result of (among other factors):

- *our expectations regarding the potential impacts on our business of actual or potential inflationary pressures, interest rate and risk premium adjustments, falling consumer sentiment, or economic recession caused, directly or indirectly, by the ongoing Israel-Hamas war, the prolonged Ukraine/Russia conflict, geopolitical tensions and other macroeconomic factors;*
- *our expectations regarding supply chain disruptions caused, directly or indirectly, by various macroeconomic events, including geopolitical tensions, catastrophic events resulting from climate change or other natural disasters and other factors;*
- *our expectations regarding our effective tax rate and our unrecognized tax benefit;*
- *our ability to operate our business in accordance with our business plan;*
- *our ability to adequately protect our trade secrets and intellectual property rights from misappropriation;*
- *our expectations regarding our success in integrating companies we may acquire with our business, and our ability to continue to acquire or divest companies;*
- *risks inherent in doing business on an international level, including currency risks, regulatory requirements, systems and cybersecurity risks, political risks, export restrictions and other trade barriers;*
- *projected growth rates in the overall semiconductor industry, the semiconductor assembly equipment market, and the market for semiconductor packaging materials; and*
- *projected demand for our products and services; and*
- *unexpected delays and difficulties in executing against our environmental, climate, diversity and inclusion goals or such other ESG targets and commitments.*

Generally, words such as "may," "will," "should," "could," "anticipate," "expect," "intend," "estimate," "plan," "continue," "goal" and "believe," or the negative of or other variations on these and other similar expressions identify forward-looking statements. These forward-looking statements are made only as of the date of this filing. We do not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements are based on current expectations and involve risks and uncertainties. Our future results could differ significantly from those expressed or implied by our forward-looking statements. These risks and uncertainties include, without limitation, those described below and in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 (our "2023 Annual Report") and our other reports filed from time to time with the Securities and Exchange Commission. This discussion should be read in conjunction with the Consolidated Condensed Financial Statements and Notes included in this report, as well as our audited financial statements included in our 2023 Annual Report.

We operate in a rapidly changing and competitive environment. New risks emerge from time to time and it is not possible for us to predict all risks that may affect us. Future events and actual results, performance and achievements could differ materially from those set forth in, contemplated by or underlying the forward-looking statements, which speak only as of the date on which they were made. Except as required by law, we assume no obligation to update or revise any forward-looking statement to reflect actual results or changes in, or additions to, the factors affecting such forward-looking statement. Given those risks and uncertainties, investors should not place undue reliance on forward-looking statements as predictions of actual results.

OVERVIEW

Founded in 1951, Kulicke and Soffa Industries, Inc. ("we," "us," "our," or the "Company") specializes in developing cutting-edge semiconductor and electronics assembly solutions enabling a smarter and more sustainable future. Our ever-growing range of products and services supports growth and facilitates technology transitions across large-scale markets, such as advanced display, automotive, communications, compute, consumer, data storage, energy storage and industrial.

We design, develop, manufacture and sell capital equipment, consumables and services used to assemble semiconductor and electronic devices, such as integrated circuits, power discretes, light-emitting diode ("LEDs"), advanced displays and sensors. We also service, maintain, repair and upgrade our equipment and sell consumable aftermarket solutions and services for our and our peer companies' equipment. Our customers primarily consist of integrated device manufacturers ("IDMs"), outsourced semiconductor assembly and test providers ("OSATs"), foundry service providers, and other electronics manufacturers and automotive electronics suppliers.

Our goal is to be the technology leader and the most competitive supplier in terms of cost and performance in each of our major product lines. Accordingly, we invest in research and engineering projects intended to expand our market access and enhance our leadership position in semiconductor, electronics and display assembly. We also remain focused on enhancing our value to customers through higher productivity systems, more autonomous capabilities and also through continuous improvement and optimization of our operational costs. Delivering new levels of value to our customers is a critically important goal for the Company.

Our Ball Bonding Equipment, Wedge Bonding Equipment and Advanced Solutions reportable segments engage in the design, development, manufacture and sale of ball bonding equipment, wafer level bonding equipment, wedge bonding equipment, certain advanced display, die-attach and thermocompression systems and solutions to IDMs, OSATs, foundry service providers, and other electronics manufacturers and automotive electronics suppliers.

Our APS segment engages in the design, development, manufacture and sale of a variety of tools, spares and services for our equipment. For example, we manufacture capillaries, blades, wedge bonder consumables and other spare parts which complements our equipment and to support a broader range of semiconductor packaging applications. We also provide equipment repair, post-sale support, maintenance and servicing, training services, refurbishment and upgrades for our equipment.

All other operating segments that do not meet the quantitative threshold to be disclosed as a separate reportable segment have been grouped within an "All Others" category. This group is reflective of the results of the Company from the design, development, manufacture and sale of certain advanced display, advanced dispense, electronics assembly, die-attach and lithography systems and solutions.

Business Environment

The semiconductor business environment is highly volatile and is driven by internal dynamics, both cyclical and seasonal, in addition to macroeconomic forces. Over the long term, semiconductor consumption has historically grown, and is forecasted to continue to grow. This growth is driven, in part, by regular advances in device performance and by price declines that result from improvements in manufacturing technology. In order to exploit these trends, semiconductor manufacturers, both IDMs and OSATs, periodically invest aggressively in latest generation capital equipment. This buying pattern often leads to periods of excess supply and reduced capital spending—the so-called semiconductor cycle. Within this broad semiconductor cycle there are also, generally weaker, seasonal effects that are specifically tied to annual, end-consumer purchasing patterns. Typically, semiconductor manufacturers prepare for heightened demand by adding or replacing equipment capacity by the end of the September quarter. Occasionally, this results in subsequent reductions in demand during the December quarter. This annual seasonality can be overshadowed by effects of the broader semiconductor cycle. Macroeconomic factors also affect the industry, primarily through their effect on business and consumer demand for electronic devices, as well as other products that have significant electronic content such as automobiles, white goods, and telecommunication equipment. There can be no assurances regarding levels of demand for our products and we believe historic industry-wide volatility will persist.

Our Ball Bonding Equipment, Wedge Bonding Equipment and Advanced Solutions reportable segments, and the remaining operating segments in the "All Others" category are primarily affected by the industry's internal cyclical and seasonal dynamics, in addition to broader macroeconomic factors, all of which can positively or negatively affect our financial performance. The sales mix of IDM and OSAT customers, as well as our end market mix, in any period also impacts our financial results. Different customer types and end markets can affect our products' average selling prices and gross margins due to differences in features, capabilities, order size, and machine configurations.

Our APS reportable segment has historically been less volatile than other reportable segments. APS sales are more directly tied to semiconductor unit consumption rather than incremental capacity requirements and/or production capability improvements.

From time to time, our customers may request that we deliver our products to countries where they own or operate production facilities or to countries where they utilize third-party subcontractors or warehouses as part of their supply chain. For example, customers headquartered in the U.S. may require us to deliver our products to their back-end production facilities in China. Our customer base in the Asia/Pacific region has become more geographically concentrated over time as a result of general economic and industry conditions and trends. Approximately 89.9% 86.2% and 89.1% 92.5% of our net revenue for the three months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023, respectively, were for shipments to customer locations outside of the U.S., primarily in the Asia/Pacific region. Approximately 46.2% 48.6% and 32.8% 32.1% of our net revenue for the three months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023, respectively, were for shipments to customers headquartered in China.

Similarly, approximately 88.1% and 90.8% of our net revenue for the six months ended March 30, 2024 and April 1, 2023, respectively, were for shipments to customer locations outside of the U.S., primarily in the Asia/Pacific region. Approximately 47.4% and 32.5% of our net revenue for the six months ended March 30, 2024 and April 1, 2023, respectively, were for shipments to customers headquartered in China.

While our customers are impacted by the current global macroeconomic conditions, those with operations in China, an important manufacturing and supply chain hub, have witnessed a faster decline in demand and, accordingly, a faster decline in product shipments, compared to the rest of the world. The shipments to customers headquartered in China are subject to heightened risks and uncertainties related to the respective policies of the governments of China and the U.S. Furthermore, there is a potential risk of conflict and instability in the relationship between Taiwan and China that could disrupt the operations of our customers and/or suppliers in both Taiwan and China and our manufacturing operations in Taiwan and China.

The U.S. and several other countries have levied tariffs on certain goods and have introduced other trade restrictions resulting in substantial uncertainties in the semiconductor, LED, memory and automotive markets.

We continue to position our business to leverage our research and development leadership and innovation and to focus our efforts on mitigating volatility, improving profitability and ensuring longer-term growth. We remain focused on operational excellence, expanding our product offerings through continuous research and development or acquisitions and managing our business efficiently throughout the business cycles. However, our visibility into future demand is generally limited, and we generally experience typical industry seasonality.

To limit potential adverse cyclical, seasonal and macroeconomic effects on our financial position, we have continued our efforts to maintain a strong balance sheet. As of **December 30, 2023** **March 30, 2024**, our total cash, cash equivalents and short-term investments were **\$709.7 million** **\$634.7 million**, a **\$49.7 million** **\$124.7 million** decrease from the prior fiscal year end. We believe our strong cash position allows us to continue investing in product development, pursuing non-organic opportunities and returning capital to investors through our share repurchase and dividend programs. Please see "Liquidity and Capital Resources" for more information.

Key Events in Fiscal 2024 to Date

Cancellation of Project W

Previously referred to as Project W, the Company has been engaged with one of its strategic customers (the "Customer") to support the Customer with the development and future mass production of certain technologies relating to advanced display (the "Project"). In connection with the Customer's strategic review of its business, the Customer has informed the Company that it has cancelled the Project. In connection with the foregoing, on March 11, 2024, the Company committed to a plan to cease operational activities and commence wind down activities concerning various aspects of Project W. The wind down activities are ongoing and are expected to be substantially completed by the end of fiscal year 2024. The Company anticipates that the cancellation of Project W will reduce its fiscal year 2024 revenue by approximately \$15 million. As a result of the cancellation of Project W, the Company also incurred certain charges during the fiscal period ended March 30, 2024 and expects to incur additional related charges through fiscal year 2024. Please see Note 16: Restructuring and Cancellation of Project to the Consolidated Condensed Financial Statements for more information.

Israel - Hamas War

On October 7, 2023, an escalated armed conflict between Israel and the Hamas terrorist organization commenced, leading to a series of extended hostilities along Israel's border with the Gaza Strip. Since then, the Hezbollah militant group has also increased its hostilities against Israel over its northern region.

Our Company has a manufacturing facility and a business office in Haifa, and our capillaries are manufactured at our facilities in Israel and China.

As of the date of this report, our business and manufacturing operations in Israel have not been impacted and no material damage or utilities interruption has been noted at our Israeli facility. Trade routes remain open, and our suppliers and business partners in Israel remain operational. Furthermore, save for a handful of employees who have been mobilized as members of the Israeli military reserves to active duty, disruption to our workforce has been minimal.

We employ around 70 employees in Israel. The safety and well-being of our employees and their families remain our top priority. Our Company continues to provide support to employees and their families who have been impacted by these events.

Given that the intensity, duration and outcome of the ongoing war is uncertain, any further escalation or other hostilities may result in government-mandated lockdowns and disrupt our business operations. We continue to monitor the situation and remain ready to activate our Business Continuity Plan ("BCP") if necessary.

Macroeconomic Headwinds

Supply chain disruptions and global shortages in electronic components are generally abating in many jurisdictions. However, the cost of logistics remains high as a result of macroeconomic conditions, and labor shortages persist across layers of the supply chain. Additionally, management is continuing to monitor the ongoing Israel-Hamas war and the prolonged Ukraine/Russia conflict, especially regarding the availability and cost of raw materials that are produced in Middle East and Europe in general. Management is also monitoring for signs of any expansion of economic or supply chain disruptions or broader supply chain inflationary and logistical costs resulting either directly or indirectly from the tensions in the Middle East and between Ukraine and Russia.

During fiscal years 2021 and 2022, semiconductor suppliers rapidly increased production output in response to increases in end-consumer demand. Concerns surrounding supply availability spurred defensive inventory purchases, which led to a heightened demand for our products.

The current macroeconomic conditions and declining consumer sentiment have resulted in significant inventory buildup in the semiconductor industry. Many of our consumers who accumulated our products in the past several years continue to reduce their order rates as a result of inventory adjustment and shorter lead times. The general reduction in demand within the semiconductor industry may also result in the instability of our key suppliers, as they struggle with oversupply and the rising cost of business.

Due to general inflationary pressures, declining consumer sentiment, and an economic downturn caused, directly or indirectly, by various macroeconomic factors, including the ongoing Israel-Hamas war and the prolonged Ukraine/Russia conflict, the sector is seeing short-term volatility and disruption. However, we believe that the semiconductor industry macroeconomics have not changed and we anticipate that the industry's long-term growth projections will normalize.

The ongoing Israel-Hamas war and the prolonged Ukraine/Russia conflict have had no material impact on our financial condition and operating results in fiscal 2024 to date. We believe that our existing cash, cash equivalents, short-term investments, existing Facility Agreements, and anticipated cash flows from operations will be sufficient to meet our liquidity and capital requirements, notwithstanding the ongoing Israel-Hamas war and the prolonged Ukraine/Russia conflict and other macroeconomic factors, for at least the next twelve months from the date of filing. However, this is a highly dynamic situation. As the macroeconomic situation remains highly volatile and the geopolitical situation remains uncertain, there is uncertainty surrounding the operations of our manufacturing locations, our business, our expectations regarding future demand or supply conditions, our near- and long-term liquidity and our financial condition. Consequentially, our operating results could deteriorate.

For a description of the risks to our business arising from or relating to the general macroeconomic conditions, please see Part I, Item 1A, "Risk Factors" of our 2023 Annual Report.

RESULTS OF OPERATIONS

As discussed in Note 1: Basis of Presentation of the Notes to the Consolidated Condensed Financial Statements, the segment-related information within Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended December 31, 2022 April 1, 2023 has been revised to correct certain erroneous conclusions about the Company's operating and reportable segments during prior periods. Accordingly, the following discussion and related tables on Net Revenue, Gross Profit Margin and Income/(Loss) from Operations will reflect the four reportable segments of (1) Ball Bonding Equipment, (2) Wedge Bonding Equipment, (3) Advanced Solutions, and (4) Aftermarket Product and Services ("APS") and a separate "All Others" category.

The following tables reflect our income/(loss) from operations for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(dollar amounts in thousands)	(dollar amounts in thousands)	Three months ended		Three months ended		(dollar amounts in thousands)
		December 30, 2023	December 31, 2022	\$ Change	% Change	
Net revenue	Net revenue	\$ 171,189	\$ 176,233	\$ (5,044)	(2.9)	(2.9) % Net revenue
Cost of sales	Cost of sales	91,293	87,527	87,527	3,766	4.3 % Cost of sales
Gross profit	Gross profit	79,896	88,706	88,706	(8,810)	(9.9) % Gross profit
Selling, general and administrative	Selling, general and administrative	41,393	42,376	42,376	(983)	(2.3) % Selling, general and administrative
Research and development	Research and development	36,810	34,508	34,508	2,302	6.7 % Research and development
Impairment charges		44,472	—	44,472	—	N/A
Operating expenses	Operating expenses	121,626	71,463	71,463	50,163	50,163 70.2 %
Operating expenses		78,203	76,884	76,884	1,319	1.7 %
Income from operations	Income from operations	\$ 1,693	\$ 11,822	\$ 11,822	\$ (10,129)	(85.7) %
(Loss) / income from operations	(Loss) / income from operations	\$ (105,155)	\$ 12,629	\$ 12,629	\$ (117,784)	(932.6) %

(dollar amounts in thousands)	Six months ended			\$ Change	% Change
	March 30, 2024	April 1, 2023	\$ Change		
Net revenue	\$ 343,263	\$ 349,254	\$ (5,991)	(1.7)%	
Cost of sales	246,896	176,456	70,440	39.9 %	
Gross profit	96,367	172,798	(76,431)	(44.2) %	
Selling, general and administrative	80,843	77,840	3,003	3.9 %	
Research and development	74,514	70,507	4,007	5.7 %	
Impairment charges	44,472	—	44,472	N/A	
Operating expenses	199,829	148,347	51,482	34.7 %	
(Loss) / income from operations	\$ (103,462)	\$ 24,451	\$ (127,913)	(523.1) %	

Net Revenue

Our net revenue for the three and six months ended December 30, 2023 March 30, 2024 decreased as compared to our net revenue for the three and six months ended December 31, 2022 April 1, 2023. The decrease in net revenue is primarily due to lower volume in Wedge Bonding Equipment, Advanced Solutions and All Others and partially offset by the higher volume in Ball Bonding Equipment and APS, as further outlined in the following tables presented immediately below.

The following tables reflect net revenue for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

Three months ended	Three months ended
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(dollar amounts in thousands)	Six months ended						\$ Change	% Change		
	March 30, 2024		April 1, 2023		Net Revenue	% of total net revenue				
	Net Revenue	% of total net revenue	Net Revenue	% of total net revenue						
Ball Bonding Equipment	\$ 168,178	49.0 %	\$ 107,184	30.7 %	\$ 60,994	56.9 %				
Wedge Bonding Equipment	46,220	13.5 %	103,242	29.6 %	\$ (57,022)	(55.2) %				
Advanced Solutions	25,448	7.4 %	35,139	10.1 %	\$ (9,691)	(27.6) %				
APS	81,908	23.9 %	80,155	23.0 %	\$ 1,753	2.2 %				
All Others	21,509	6.2 %	23,534	6.6 %	\$ (2,025)	(8.6) %				
Total net revenue	\$ 343,263	100.0 %	\$ 349,254	100.0 %	\$ (5,991)	(1.7) %				

Ball Bonding Equipment

For the three and six months ended December 30, 2023 March 30, 2024, the increase in Ball Bonding Equipment net revenue as compared to the prior year period was primarily due to higher volumes of customer purchases related to technology transitions and improving market conditions in general semiconductor and memory end markets. This has resulted in the reduction in semiconductor supply chain inventory levels and improved factory utilization levels.

Wedge Bonding Equipment

For the three and six months ended December 30, 2023 March 30, 2024, the decrease in Wedge Bonding Equipment net revenue as compared to the prior year period was primarily due to lower volume of customer purchases primarily in the General Semiconductor market due to the lower power discrete devices demand, as well as in the automotive and renewable energy market.

Advanced Solutions

For the three months ended December 30, 2023 March 30, 2024, the decrease in Advanced Solutions net revenue as compared to the prior year period was primarily due to lower volume as a result of changes in product mix.

For the six months ended March 30, 2024, the decrease in Advanced Solutions net revenue as compared to the prior year period was primarily due to the lower volume as a result of changes in the product mix and timing of revenue recognition for certain customer contracts.

APS

For the three and six months ended March 30, 2024, the increase in APS net revenue as compared to the prior year period was due to higher volume of customer purchases primarily in spares and services.

All Others

For the three months ended **December 30, 2023** **March 30, 2024**, the increase in All Others net revenue as compared to the prior year period was primarily due to favorable product mix, and additional revenue from Advanced Dispensing Solution, which was acquired in March 2023.

For the six months ended **March 30, 2024**, the decrease in All Others net revenue as compared to the prior year period was primarily due to lower volume of customer purchases in mini LED transfer solutions from softness in the advanced display market. The lower volume was partially offset by the additional revenue from Advanced Dispensing Solution, which was acquired in March 2023.

Gross Profit Margin

The following tables reflect gross profit margin as a percentage of net revenue by reportable segments for the three and six months ended **December 30, 2023** **March 30, 2024** and **December 31, 2022** **April 1, 2023**:

	Three months ended		Basis Point Change	Three months ended		Basis Point Change
	December 30, 2023	December 31, 2022		March 30, 2024	April 1, 2023	
Ball Bonding Equipment						
Wedge Bonding Equipment						
Advanced Solutions						
APS						
All Others						
Total gross profit margin						
	Six months ended		Basis Point Change			
	March 30, 2024			April 1, 2023		
Ball Bonding Equipment			47.4 %	51.0 %		(360)
Wedge Bonding Equipment			50.8 %	50.3 %		50
Advanced Solutions			(213.5)%	31.0 %		(24,450)
APS			55.6 %	56.4 %		(80)
All Others			8.3 %	43.0 %		(3,470)
Total gross profit margin			28.1 %	49.5 %		(2,140)

Ball Bonding Equipment

For the three and six months ended **December 30, 2023** **March 30, 2024**, the decrease in Ball Bonding Equipment gross profit margin as compared to the prior year period was primarily driven by a shift in customer mix, including higher sales to customers where we achieve lower average margins.

Wedge Bonding Equipment

For the three months ended **December 30, 2023** **March 30, 2024**, the **increase** **decrease** in Wedge Bonding Equipment gross profit margin as compared to the prior year period was primarily driven by **favorable** **a shift** in product mix, including higher sales of **higher** **lower** margin products.

Advanced Solutions

For the three and six months ended **December 30, 2023** **March 30, 2024**, the decrease in Advanced Solutions gross profit margin as compared to the prior year period was primarily driven by **the inventory write-down charges we incurred as a result of the cancellation of Project W and less favorable product mix**, including higher sales of lower margin products.

APS

For the three and six months ended **March 30, 2024**, the decrease in APS gross profit margin as compared to the prior year period was primarily driven by **less favorable product mix** among bonding tools, spares and services.

All others

For the three months ended **December 30, 2023** **March 30, 2024**, the decrease in gross profit margin for the "All Others" category as compared to the prior year period was primarily driven by **provision of excess and obsolete materials**.

For the six months ended **March 30, 2024**, the decrease in gross profit margin for the "All Others" category as compared to the prior year period was primarily driven by **the provision of excess and obsolete materials and less favorable product mix**, including lower sales of higher margin products.

Operating Expenses

The following tables reflect operating expenses for the three and six months ended **December 30, 2023** **March 30, 2024** and **December 31, 2022** **April 1, 2023**:

(*dollar amounts in
thousands*)

(dollar amounts in thousands)

(dollar amounts in thousands)	December 30, 2023	December 31, 2022	\$ Change	% Change	March 30, 2024	April 1, 2023
Selling, general & administrative	\$ 41,393	\$ 42,376	\$ (983)	(2.3)	\$ 39,450	\$ 35,464
Research & development	36,810	34,508	2,302	6.7	37,704	35,999
Impairment charges	44,472	—	44,472	N/A		
Total	<u>\$ 121,626</u>	<u>\$ 71,463</u>	<u>\$ 50,163</u>	<u>70.2</u>	<u>70.2</u>	<u>%</u>
Total	<u>\$ 78,203</u>	<u>\$ 76,884</u>	<u>\$ 1,319</u>	<u>1.7</u> %		

(dollar amounts in thousands)	Six months ended		\$ Change	% Change
	March 30, 2024	April 1, 2023		
Selling, general & administrative	\$ 80,843	\$ 77,840	\$ 3,003	3.9 %
Research & development	74,514	70,507	4,007	5.7 %
Impairment charges	44,472	—	44,472	N/A
Total	<u>\$ 199,829</u>	<u>\$ 148,347</u>	<u>\$ 51,482</u>	<u>34.7 %</u>

Selling, General and Administrative ("SG&A")

For the three months ended December 30, 2023 March 30, 2024, the lower higher SG&A expenses as compared to the prior year period were primarily due to \$5.1 million net favorable variance in foreign exchange. This was partially offset by \$2.9 million higher staff of restructuring costs, due to an increase in headcount and equity compensation, \$0.7 million higher sales representative commissions and \$0.4 million higher staff cost.

For the six months ended March 30, 2024, the higher SG&A expenses as compared to the prior year period was primarily due to \$3.3 million higher staff cost, \$2.9 million restructuring costs, \$1.5 million higher sales representative commissions, \$1.1 million higher miscellaneous expenses and \$0.4 million higher professional services. This was partially offset by \$6.2 million net favorable variance in foreign exchange.

Research and Development ("R&D")

For the three months ended December 30, 2023 March 30, 2024, the higher R&D expenses as compared to the prior year period were primarily due to \$2.1 million higher staff costs related to an increase in headcount and equity compensation. This was partially offset by \$0.8 million lower professional services.

For the six months ended March 30, 2024, the higher R&D expenses as compared to the prior year period was primarily due to \$2.3 million \$4.0 million higher staff costs related to an increase in headcount and equity compensation.

Impairment charges

For the three and six months ended March 30, 2024, the higher impairment charges as compared to the prior year period were due to \$44.5 million impairment charges on long-lived assets related to the cancellation of Project W.

Income/(Loss) from Operations

The following tables reflect income/(loss) from operations by reportable segments for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(dollar amounts in thousands)	Three months ended		Three months ended		(dollar amounts in thousands)	April 1, 2023
	December 30, 2023	December 31, 2022	\$ Change	% Change		
Ball Bonding Equipment	\$ 27,714	\$ 17,059	\$ 10,655	62.5	\$ 25,152	\$ 13,744
Wedge Bonding Equipment	4,294	19,427	(15,133)	(77.9)	4,253	18,557

Advanced Solutions	Advanced Solutions	(13,435)	(10,735)	(10,735)	(2,700)	(2,700)	(25.2)	(25.2)	Advanced % Solutions	(116,981)	(7,853)	(7,853)
APS	APS	12,246	11,295	11,295	951	951	8.4	8.4	% APS	12,586	11,978	11,978
All Others	All Others	(8,074)	(4,463)	(4,463)	(3,611)	(3,611)	(80.9)	(80.9)	% All Others	(9,554)	(6,711)	(6,711)
Corporate Expenses	Corporate Expenses	(21,052)	(20,761)	(20,761)	(291)	(291)	(1.4)	(1.4)	Corporate % Expenses	(20,611)	(17,086)	(17,086)
Total income from operations		\$ 1,693		\$ 11,822		\$ (10,129)		(85.7) %				
Total (loss) / income from operations		<u>\$ (105,155)</u>		<u>\$ 12,629</u>		<u>\$ (117,784)</u>		<u>(932.6) %</u>				

(dollar amounts in thousands)	Six months ended			\$ Change		% Change	
	March 30, 2024		April 1, 2023	\$ Change			
	\$	52,866	\$ 30,803	\$ 22,063			
Ball Bonding Equipment						71.6 %	
Wedge Bonding Equipment		8,547	37,984		(29,437)	(77.5)%	
Advanced Solutions		(130,416)	(18,588)		(111,828)	(60.1)%	
APS		24,832	23,273		1,559	6.7 %	
All Others		(17,628)	(11,174)		(6,454)	(57.8)%	
Corporate Expenses		(41,663)	(37,847)		(3,816)	(10.1)%	
Total (loss) / income from operations	\$	<u>(103,462)</u>	\$ 24,451	\$	<u>(127,913)</u>	<u>(523.1)%</u>	

Ball Bonding Equipment, Wedge Bonding Equipment, Advanced Solutions

For the three and six months ended March 30, 2024, the higher Advanced Solutions APS loss from operations as compared to the prior year period was primarily due to the decrease in revenue, inventory write-down and impairment charges as explained under "Net Revenue", "Gross Profit" and "Operating Expenses" above.

All Others

For the three and six months ended December 30, 2023 March 30, 2024, the higher All Others loss from operations as compared to the prior year period was primarily due to the decrease in gross profit and changes in operating expenses as explained under "Gross Profit" and "Operating Expenses" above.

Wedge Bonding Equipment

For the three and six months ended March 30, 2024, the lower Wedge Bonding Equipment income from operations as compared to the prior year period was primarily due to the decrease in revenue and changes in operating expenses as explained under "Net Revenue" and "Operating Expenses" above.

For the three months ended December 30, 2023, the higher Advanced Solutions Ball Bonding Equipment and All Others loss from operations as compared to the prior year period was primarily due to the decrease in revenue and changes in operating expenses as explained under "Net Revenue" and "Operating Expenses" above.

APS

For the three and six months ended December 30, 2023 March 30, 2024, the higher Ball Bonding Equipment and APS income from operations as compared to the prior year period was primarily due to the increase in revenue and changes in operating expenses as explained under "Net Revenue" and "Operating Expenses" above.

Interest Income and Expense

The following tables reflect interest income and interest expense for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(dollar amounts in thousands)	(dollar amounts in thousands)	Three months ended			Three months ended			(dollar amounts in thousands)	March 30, 2024	April 1, 2023	\$ Change	% Change						
		December 30, 2023	December 31, 2022	\$ Change	(dollar amounts in thousands)													
					Interest income	Interest expense	% Change											
Interest income	Interest income	\$ 9,899	\$ 6,559	\$ 3,340	50.9	50.9	% Interest income	\$ 8,848	\$ 8,000	\$ 848	10.6	10.6 %						
Interest expense	Interest expense	\$ (22)	\$ (34)	\$ 12	35.3	35.3	% Interest expense	\$ (18)	\$ (32)	\$ 14	43.8	43.8 %						

(dollar amounts in thousands)	Six months ended		\$ Change	% Change
	March 30, 2024	April 1, 2023		
Interest income	\$ 18,747	\$ 14,559	\$ 4,188	28.8 %
Interest expense	\$ (40)	\$ (66)	\$ 26	39.4 %

Interest income

For the three and six months ended December 30, 2023 March 30, 2024, interest income increased as compared to the prior year period primarily due to a higher average balance in short-term investments and higher weighted average interest rate on cash, cash equivalents and short-term investments.

Provision for Income Taxes

The following table reflects the provision for income taxes and the effective tax rate for the three and six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(dollar amounts in thousands)	(dollar amounts in thousands)	Three months ended		Six months ended			
		March 30, 2024	April 1, 2023	Change	March 30, 2024	April 1, 2023	Change
(dollar amounts in thousands)							
Provision for income taxes	Provision for income taxes	\$ 6,355	\$ 5,556	\$ 799	\$ 8,632	\$ 9,314	\$ (682)
Effective tax rate	Effective tax rate	(6.6) %	27.0 %	(33.6) %	(10.2) %	23.9 %	(34.1) %
Effective tax rate	Effective tax rate						
Effective tax rate	Effective tax rate						

For the three and six months ended December 30, 2023 March 30, 2024 as compared to the three and six months ended April 1, 2023, the change in provision for income taxes was primarily due to an increase in valuation allowance recorded against certain deferred tax assets during the quarter, offset by the decrease in provision for income taxes and resulting from lower profitability. The decrease in effective tax rate as compared was primarily due to the prior year period tax benefit arising from the one-time charge for cancellation of Project W which was primarily related to lower profitability and recorded as a decrease discrete tax item during the quarter, partially offset by an increase in GILTI valuation allowance recorded against certain deferred tax assets which was also recorded as a discrete tax item during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

The following table reflects total cash, cash equivalents, and short-term investments as of December 30, 2023 March 30, 2024 and September 30, 2023:

(dollar amounts in thousands)		As of		As of			
		December 30, 2023	September 30, 2023	\$ Change thousands	March 30, 2024	September 30, 2023	\$ Change
Cash and cash equivalents							
Short-term investments							
Short-term investments							
Short-term investments							
Total cash, cash equivalents, and short-term investments							
Percentage of total assets	Percentage of total assets	47.7%	50.6%		48.9%	50.6%	

The following table reflects a summary of the Consolidated Condensed Statements of Cash Flow information for the three six months ended December 30, 2023 March 30, 2024 and December 31, 2022 April 1, 2023:

(in thousands)	Three months ended		Six months ended			
	(in thousands)	December 30, 2023	December 31, 2022	(in thousands)	March 30, 2024	April 1, 2023
Net cash (used in)/provided by operating activities						
Net cash used in investing activities						
Net cash used in financing activities						

Effect of exchange rate changes on cash and cash equivalents	
Changes in cash and cash equivalents	
Cash and cash equivalents, beginning of period	
Cash and cash equivalents, end of period	

Three Six months ended December 30, 2023 March 30, 2024

Net The increase in net cash used in operating activities was primarily due to a net income loss of \$9.3 million, non-cash adjustments to net income of \$20.4 million \$93.4 million and a net unfavourable change in operating assets and liabilities of \$37.0 million \$87.2 million, partially offset by non-cash adjustments to net income of \$153.1 million. The non-cash adjustments were primarily due to impairment charges of \$44.5 million and inventory write-down of \$57.3 million as a result of the cancellation of the Project. The net change in operating assets and liabilities was primarily driven by an increase in accounts and other receivable of \$25.6 million \$36.5 million, an increase in inventories of \$22.1 million \$28.6 million after excluding the impact of the inventory write-down as shown above, a decrease in income tax payable of \$21.7 million and a decrease in accounts payable and accrued expenses and other current liabilities of \$0.8 \$7.8 million. This was partially offset by an decrease in prepaid expenses and other current assets of \$7.5 million and an increase in income tax payable of \$2.4 million. \$13.4 million.

The increase in accounts and other receivable in the **three** six months ended December 30, 2023 March 30, 2024 was mainly due to the timing of payments due. The increase in inventories was due to the buildup of long lead time materials to fulfill certain customer purchase orders. The decrease in income tax payable was primarily due to lower profitability. The decrease in accounts payable and accrued expenses and other current liabilities was primarily due to lower accrued employee compensation that was paid out in the period, payment of back loaded purchases, partially offset by higher material purchases during accrued employee compensation and accrued purchase order cancellation charges arising from the period, cancellation of the Project. The decrease in prepaid expenses was mainly due the transfer of contract assets to net account receivables.

Net cash used in investing activities was due to net purchase of short-term investments of \$55.0 million \$45.0 million, capital expenditures of \$4.4 million \$11.0 million and investment in a private equity fund of \$1.1 million.

Net cash used in financing activities was primarily due to common stock repurchases of \$27.2 million \$63.5 million and dividend payments of \$10.7 million \$22.0 million.

Three Six months ended December 31, 2022 April 1, 2023

Net cash provided by operating activities was primarily due to net income of \$14.6 million \$29.6 million, non-cash adjustments to net income of \$13.5 million \$21.9 million and a net favorable change in operating assets and liabilities of \$57.0 million \$35.4 million. The net change in operating assets and liabilities was primarily driven by a decrease in accounts and other receivable of \$108.8 million \$141.6 million, prepaid expenses and other current assets of \$0.3 million, and income tax payable of \$5.7 million. \$2.1 million. This was partially offset by an increase in inventories of \$27.2 million and \$39.1 million, a decrease in accounts payable and accrued expenses and other current liabilities of \$32.8 million \$41.3 million and income tax payable of \$30.7 million.

The decrease in accounts and other receivable in the **three** six months ended December 31, 2022 April 1, 2023 was mainly due to lower sales in the period. The decrease in income tax payable was primarily due to lower profitability. The decrease in accounts payable and accrued expenses and other current liabilities was primarily due to higher payments to suppliers, lower material purchases and lower accrued employee compensation that was paid out in the period. The increase in inventories was due to slower utilization in the period, period and buildup of long lead time materials to fulfill certain customer purchase orders.

Net cash used in investing activities was due to net purchase of short-term investments of \$25.0 million \$125.0 million, cash outflow for the AJA acquisition of \$36.9 million and capital expenditures of \$13.9 million \$24.5 million.

Net cash used in financing activities was primarily due to common stock repurchases of \$46.3 million \$52.0 million and dividend payments of \$9.7 million \$20.5 million.

Fiscal 2024 Liquidity and Capital Resource Outlook

We expect our aggregate fiscal 2024 capital expenditures to be between approximately \$23.0 million \$16.0 million and \$27.0 million \$20.0 million, of which approximately \$3.5 \$7.4 million has been incurred through the **first** second quarter. The actual amounts for 2024 will vary depending on market conditions. Expenditures are anticipated to be primarily for research and development projects, enhancements to our manufacturing operations, improvements to our information technology security, implementation of an enterprise resource planning system and leasehold improvements for our facilities. Our ability to make these expenditures will depend, in part, on our future cash flows, which are determined by our future operating performance and, therefore, subject to prevailing macroeconomic conditions, including actual or potential inflationary pressures, supply chain challenges, geopolitical tensions including the ongoing Israel-Hamas war and the prolonged Ukraine/Russia conflict and other factors, some of which are beyond our control.

As of December 30, 2023 March 30, 2024 and September 30, 2023, approximately \$558.7 million \$257.1 million and \$576.9 million of cash, cash equivalents, and short-term investments, respectively, were held by the Company's foreign subsidiaries, with a large portion of the cash amounts expected to be available for use in the U.S. without incurring additional U.S. income tax. The decrease is primarily due to the repatriation of cash held by the Company's foreign subsidiaries to the U.S.

The Company's operations and capital requirements are anticipated to be funded primarily by cash on hand, cash generated from operating activities, and cash from our existing Facility Agreements. We believe these sources of cash and liquidity are sufficient to meet our additional liquidity needs for the foreseeable future, including repayment of outstanding balances under the Facility Agreements, as well as payment of dividends, share repurchases and income taxes.

We believe that our existing cash, cash equivalents, short-term investments, existing Facility Agreements, and anticipated cash flows from operations will be sufficient to meet our liquidity and capital requirements, notwithstanding the macroeconomic headwinds, for at least the next twelve months and beyond. Our liquidity is affected by many factors, some based on normal operations of our business and others related to macroeconomic conditions including actual or potential inflationary pressures, industry-related uncertainties, and effects arising from the ongoing Israel-Hamas war and the prolonged Ukraine/Russia conflict, which we cannot predict. We also cannot predict economic conditions or industry downturns or the timing, strength or duration of recoveries. We intend to continue to use our cash for working capital needs and for general corporate purposes.

In this unprecedented macroeconomic environment, we may seek, as we believe appropriate, additional debt or equity financing that would provide capital for general corporate purposes, working capital funding, additional liquidity needs or to fund future growth opportunities, including possible acquisitions. The timing and amount of potential capital requirements cannot be determined at this time and will depend on a number of factors, including the actual and projected demand for our products, semiconductor and semiconductor capital equipment industry conditions, competitive factors, the condition of financial markets and the global economic situation.

Share Repurchase Program

On August 15, 2017, the Company's Board of Directors authorized a program (the "Program") to repurchase up to \$100 million of the Company's common stock on or before August 1, 2020. In 2018, 2019 and 2020, the Board of Directors increased the share repurchase authorization under the Program to \$200 million, \$300 million, and \$400 million, respectively. On March 3, 2022, the Board of Directors further increased the share repurchase authorization under the Program by an additional \$400 million to \$800 million, and extended its duration through August 1, 2025. On November 17, 2023, the Company modified its written trading plan under Rule 10b5-1 of the Exchange Act, such plan as first entered into on May 7, 2022 to facilitate repurchases under the Program. The purpose of the modification was to revise the previously established amounts and prices under the plan by providing for the purchase of up to approximately \$169 million of the Company's common stock from November 20, 2023 through August 1, 2025. The Program may be suspended or discontinued at any time and is funded using the Company's available cash, cash equivalents and short-term investments. Under the Program, shares may be repurchased through open market and/or privately negotiated transactions at prices deemed appropriate by management. The timing and amount of repurchase transactions under the Program depend on market conditions as well as corporate and regulatory considerations.

During the three and six months ended December 30, 2023 March 30, 2024, the Company repurchased a total of approximately 555.6 thousand and 754.6 thousand and 1,310.2 thousand shares of common stock under the Program at a cost of approximately \$26.8 million, \$37.3 million and \$64.1 million, respectively. The stock repurchases were recorded in the periods in which the shares were delivered and accounted for as treasury stock in the Company's Consolidated Condensed Balance Sheets. The Company records treasury stock purchases under the cost method using the first-in, first-out (FIFO) method. Upon re-issuance of treasury stock, amounts in excess of the acquisition cost are credited to additional paid-in capital.

If the Company reissues treasury stock at an amount below its acquisition cost and additional paid-in capital associated with prior treasury stock transactions is insufficient to cover the difference between acquisition cost and the reissue price, this difference is recorded against retained earnings.

As of December 30, 2023 March 30, 2024, our remaining stock repurchase authorization under the Program was approximately \$154.2 million \$116.9 million.

Dividends

On November 15, 2023, the Board of Directors declared a quarterly dividend of \$0.20 per share of common stock. Dividends paid during the three and six months ended December 30, 2023 March 30, 2024 totaled \$10.7 million, \$11.3 million and \$22.0 million, respectively. The declaration of any future cash dividend is at the discretion of the Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements, business conditions and other factors, as well as a determination that such dividends are in the best interests of the Company's shareholders.

Other Obligations and Contingent Payments

In accordance with U.S. GAAP, certain obligations and commitments are not required to be included in the Consolidated Condensed Balance Sheets and Statements of Operations. These obligations and commitments, while entered into in the normal course of business, may have a material impact on our liquidity and are disclosed in the table below.

As of December 30, 2023 March 30, 2024, the Company had deferred tax liabilities of \$37.2 million \$36.4 million and unrecognized tax benefits within the income taxes payable for uncertain tax positions of \$18.1 million \$18.4 million, inclusive of accrued interest on uncertain tax positions of \$3.1 million \$3.4 million, substantially all of which would affect our effective tax rate in the future, if recognized.

It is reasonably possible that the amount of the unrecognized tax benefit with respect to certain unrecognized tax positions will increase or decrease during the next twelve months due to the expected lapse of statutes of limitation and / or settlements of tax examinations. Given the number of years and numerous matters that remain subject to examination in various tax jurisdictions, we cannot practically estimate the timing or financial outcomes of these examinations and, therefore, these amounts are excluded from the amounts below.

The following table presents certain payments due by the Company under contractual and statutory obligations with minimum firm commitments as of December 30, 2023 March 30, 2024:

(in thousands)	(in thousands)	Payments due in				(in thousands)	Payments due in			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Inventory purchase obligations ⁽¹⁾	Total									
U.S. one-time transition tax payable ⁽²⁾ (reflected on our Consolidated Condensed Balance Sheets)										

U.S. one-time transition tax payable ⁽²⁾
(reflected on our Consolidated Condensed
Balance Sheets)

U.S. one-time transition tax payable ⁽²⁾
(reflected on our Consolidated Condensed
Balance Sheets)

Total
Total
Total

(1) The Company orders inventory components in the normal course of its business. A portion of these orders are non-cancellable and some orders impose varying penalties and charges in the event of cancellation.

(2) Associated with the U.S. one-time transition tax on certain earnings and profits of our foreign subsidiaries in relation to the U.S. Tax Cuts and Job Act of 2017.

Credit facilities

On February 15, 2019, the Company entered into a Facility Letter and Overdraft Agreement (collectively, the "Facility Agreements") with MUFG Bank, Ltd., Singapore Branch (the "Bank"). The Facility Agreements provide the Company and one of its subsidiaries with an overdraft facility of up to \$150.0 million (the "Overdraft Facility") for general corporate purposes. Amounts outstanding under the Overdraft Facility, including interest, are payable upon thirty days written demand by the Bank. Interest on the Overdraft Facility is calculated on a daily basis, and the applicable interest rate is calculated at the Secured Overnight Financing Rate ("SOFR") plus a margin of 1.5% per annum. The Overdraft Facility is an unsecured facility per the terms of the Facility Agreements. The Facility Agreements contain customary non-financial covenants, including, without limitation, covenants that restrict the Company's ability to sell or dispose of its assets, cease owning at least 51% of two of its subsidiaries (the "Subsidiaries") or encumber its assets with material security interests (including any pledge of monies in the Subsidiaries' cash deposit account with the Bank). The Facility Agreements also contain typical events of default, including, without limitation, non-payment of financial obligations when due, cross defaults to other material indebtedness of the Company, and breach of a representation or warranty under the Facility Agreements. As of **December 30, 2023** **March 30, 2024**, there were no outstanding amounts under the Overdraft Facility.

As of **December 30, 2023** **March 30, 2024**, other than the bank guarantee disclosed in Note 9 of Item 1, we did not have any other off-balance sheet arrangements, such as contingent interests or obligations associated with variable interest entities.

Item 3. - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our available-for-sale securities, if applicable, may consist of short-term investments in highly rated debt instruments of the U.S. Government and its agencies, financial institutions, and corporations. We continually monitor our exposure to changes in interest rates and credit ratings of issuers with respect to any available-for-sale securities and target an average life to maturity of less than 18 months. Accordingly, we believe that the effects on us of changes in interest rates and credit ratings of issuers are limited and would not have a material impact on our financial condition or results of operations.

Foreign Currency Risk

Our international operations are exposed to changes in foreign currency exchange rates due to transactions denominated in currencies other than the location's functional currency. Our international operations are also exposed to foreign currency fluctuations that impact the remeasurement of net monetary assets of those operations whose functional currency, the U.S. dollar, differs from their respective local currencies, most notably in Israel, Singapore and Switzerland. Our U.S. operations also have foreign currency exposure due to net monetary assets denominated in currencies other than the U.S. dollar. In addition to net monetary remeasurement, we have exposures related to the translation of subsidiary financial statements from their functional currency, the local currency, into its reporting currency, the U.S. dollar, most notably in the Netherlands, China, Taiwan, Japan and Germany.

Based on our foreign currency exposure as of **December 30, 2023** **March 30, 2024**, a 10.0% fluctuation could impact our financial position, results of operations or cash flows by \$3.0 million to \$4.0 million. Our attempts to hedge against these risks may not be successful and may result in a material adverse impact on our financial results and cash flow.

We enter into foreign exchange forward contracts to hedge a portion of our forecasted foreign currency-denominated expenses in the normal course of business and, accordingly, they are not speculative in nature. These instruments generally mature within twelve months. We have foreign exchange forward contracts with a notional amount of **\$42.7 million** **\$49.6 million** outstanding as of **December 30, 2023** **March 30, 2024**.

Item 4. - CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of **December 30, 2023** **March 30, 2024**. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of **December 30, 2023** **March 30, 2024** our disclosure controls and procedures were effective in providing reasonable assurance that the information required to be disclosed by us in reports filed under the Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

Changes in Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

In connection with the evaluation by our management, including with the participation of our Chief Executive Officer and Chief Financial Officer, of our internal control over financial reporting, no changes during the three months ended **December 30, 2023** **March 30, 2024** were identified to have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. - OTHER INFORMATION

Item 1. - LEGAL PROCEEDINGS

From time to time, we may be a plaintiff or defendant in cases arising out of our business. We are party to ordinary, routine litigation incidental to our business. We cannot be assured of the results of any pending or future litigation, but we do not believe resolution of any currently pending matters will have a material adverse effect on our business, financial condition or operating results.

Item 1A. - RISK FACTORS

Certain Risks Related to Our Business

There Except for the additional risk factor described below, there have been no material changes from the risk factors discussed in Part I, Item 1A, "Risk Factors", of our 2023 Annual Report.

The cancellation and wind down of the Project may adversely affect our business, results of operations and financial condition.

In connection with the cancellation of a project with one of its strategic customers (previously referred to as Project W) (the "Project"), on March 11, 2024, the Company committed to a plan to cease operational activities and commence wind down activities concerning various aspects of the Project. These wind down activities are ongoing and are expected to be substantially completed by the end of fiscal year 2024. As a result of these activities, the Company incurred certain charges during the fiscal period ended March 30, 2024 and may incur additional related charges through fiscal year 2024 and anticipates that the cancellation of the Project will result in a reduction of the Company's fiscal year 2024 revenue. The Company's estimates of the anticipated impact on its results of operations and the timing thereof are subject to a number of assumptions and actual amounts may differ materially from estimates. As we wind down the Project, we may discover other facts that could require us to incur additional expenses and/or record additional charges that may be materially different from our initial expectations about the costs of the wind down. In addition, we may not be able to complete the wind down in the expected timeframe. If actual amounts were to differ materially from our estimates, or if the wind down takes longer than expected, our results of operations and financial condition could be materially and adversely affected. Cancellations of significant orders or other similar projects by other customers in the future could also result in the incurrence by the Company of additional costs or expenses or lead to a reduction in future revenue, which could materially and adversely affect our results of operations.

As a result of the cancellation of the Project, the Company intends to refocus its development resources towards other growth-centric opportunities supporting technology changes within the thermocompression, Vertical Fan-Out, Automotive and Dispense markets over the coming quarters. The Company may experience operational difficulties as it shifts its development resources to these other opportunities, which may result in disruptions to the Company's operations. We cannot be certain that these efforts will be effective or successful, or that we will realize the anticipated benefits of the refocus. As a result, our results of operations and financial condition could be materially and adversely affected.

Item 2. - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes the repurchases of common stock during the three months ended **December 30, 2023** **March 30, 2024** (in millions, except number of shares, which are reflected in thousands, and per share amounts):

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾

October 1, 2023 to October 28, 2023	154	\$ 45.37	154	\$ 174.1
October 29, 2023 to December 2, 2023	285	\$ 48.21	285	\$ 160.3
December 3, 2023 to December 30, 2023	116	\$ 52.47	116	\$ 154.2
For the three months ended December 30, 2023	<u>555</u>		<u>555</u>	

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
December 31, 2023 to January 27, 2024	161	\$ 51.32	161	\$ 145,949
January 28, 2024 to March 2, 2024	325	\$ 48.73	325	\$ 130,098
March 3, 2024 to March 30, 2024	269	\$ 49.26	269	\$ 116,872
For the three months ended March 30, 2024	<u>755</u>		<u>755</u>	

(1) On August 15, 2017, the Company's Board of Directors authorized the Program to repurchase up to \$100 million in total of the Company's common stock on or before August 1, 2020. In 2018, 2019 and 2020, the Board of Directors increased the share repurchase authorization under the Program to \$200 million, \$300 million and \$400 million, respectively. On March 3, 2022, the Board of Directors further increased the share repurchase authorization under the Company's existing share repurchase program by an additional \$400 million to \$800 million, and extended its duration through August 1, 2025. The Company may repurchase shares of its common stock through open market and privately negotiated transactions at prices deemed appropriate by management. On November 17, 2023, the Company modified its written trading plan under Rule 10b5-1 of the Exchange Act, such plan as first entered into on May 7, 2022, to facilitate repurchases under the Program. The purpose of the modification was to revise the previously established amounts and prices under the modified plan by providing for permits the purchase of up to approximately \$169 million of the Company's common stock from November 20, 2023 through August 1, 2025. The Program may be suspended or discontinued at any time and will be funded using the Company's available cash, cash equivalents and short-term investments. Under the Program, shares may be repurchased through open market and/or privately negotiated transactions at prices deemed appropriate by management. The timing and amount of repurchase transactions under the Program depend on market conditions as well as corporate and regulatory considerations.

Item 3. – Defaults Upon Senior Securities.

None.

Item 4. – Mine Safety Disclosures

None.

Item 5. – Other Information

Director and Officer Trading Plans and Arrangements

None of the Company's directors or officers have adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended December 30, 2023 March 30, 2024, as such terms are defined under Item 408(a) of Regulation S-K.

Issuer Trading Plans and Arrangements

On November 17, 2023, the Company modified its written trading plan under Rule 10b5-1 of the Exchange Act, such plan as first entered into on May 7, 2022 to facilitate repurchases under the Program. The purpose of the modification was to revise the previously established amounts and prices under the plan by providing for the purchase of up to approximately \$169 million of the Company's common stock from November 20, 2023 through August 1, 2025.

The above trading plan of the Company is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

Item 6. - Exhibits

Exhibit No.	Description
3.1	The Company's Amended and Restated Articles of Incorporation, dated December 5, 2007, are incorporated herein by reference to Exhibit 3(i) to the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2007, SEC file number 000-00121.
3.2	The Company's Amended and Restated By-Laws, dated October 12, 2023March 13, 2024, are incorporated herein by reference to Exhibit 3(i) 3.1 to the Company's Current Report on Form 8-K dated October 13, 2023March 14, 2024.
31.1	Certification of Fusen Chen, Chief Executive Officer of Kulicke and Soffa Industries, Inc., pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Lester Wong, Chief Financial Officer of Kulicke and Soffa Industries, Inc., pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Fusen Chen, Chief Executive Officer of Kulicke and Soffa Industries, Inc., pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Lester Wong, Chief Financial Officer of Kulicke and Soffa Industries, Inc., pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101.INS).

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act or the Exchange Act.

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 thereunto duly authorized.

KULICKE AND SOFFA INDUSTRIES, INC.

Date: **February 1, 2024** May 2, 2024

By: /s/ LESTER WONG

Lester Wong

Executive Vice President and Chief Financial Officer
(principal financial officer and principal accounting officer)

CERTIFICATION

I, Fusen Chen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kulicke and Soffa Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 1, 2024** **May 2, 2024**

By: **/s/ FUSEN CHEN**

Fusen Chen

President and Chief Executive Officer

CERTIFICATION

I, Lester Wong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kulicke and Soffa Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 1, 2024** **May 2, 2024**

By: **/s/ LESTER WONG**

Lester Wong
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Fusen Chen, President and Chief Executive Officer of Kulicke and Soffa Industries, Inc., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of Kulicke and Soffa Industries, Inc. for the period ended **December 30, 2023** **March 30, 2024** (the " **December 30, 2023** **March 30, 2024** Form 10-Q"), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. the information contained in the **December 30, 2023** **March 30, 2024** Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Kulicke and Soffa Industries, Inc.

Date: **February 1, 2024** **May 2, 2024**

By: **/s/ FUSEN CHEN**

Fusen Chen
President and Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Lester Wong, Executive Vice President and Chief Financial Officer of Kulicke and Soffa Industries, Inc., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of Kulicke and Soffa Industries, Inc. for the period ended **December 30, 2023** **March 30, 2024** (the "December 30, 2023" **March 30, 2024** Form 10-Q"), as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. the information contained in the **December 30, 2023** **March 30, 2024** Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Kulicke and Soffa Industries, Inc.

Date: **February 1, 2024** **May 2, 2024**

By: /s/ LESTER WONG
Lester Wong
Executive Vice President and Chief Financial Officer

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