

# Quarterly Earnings Review

February 1, 2024

## Q1F24

Ended December 30, 2023

# Earnings Review

## *Safe Harbor*

In addition to historical statements, this presentation contains statements relating to future events and our future results based on management's expectations as of Jan 31, 2024. These statements are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995.

While these forward-looking statements represent our judgments and future expectations concerning our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, the factors listed or discussed in our 2023 Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission. Kulicke and Soffa Industries, Inc. is under no obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

A reconciliation of non-GAAP items is included in this presentation and available within our most recently filed earnings release.

# Q1F24 Update

## *Ongoing Efforts*

### State of Industry

Expected Semi Growth to Return in FY24

Automotive & Power Semi Softness create near-term softness for Wedge

### Key Focus Areas

Ball Bonding

Advanced Packaging

Advanced Display

Advanced Dispense

### Q1F24 Results

Revenue	\$171.2M
Non-GAAP Net Income	\$17.0M
EPS	\$0.16
Non-GAAP EPS	\$0.30

### Q1F24 Commentary

Broader unit-driven recover combined with K&S specific opportunities anticipated in FY24

Ongoing progress across key opportunities, additional project milestones anticipated this & next quarter

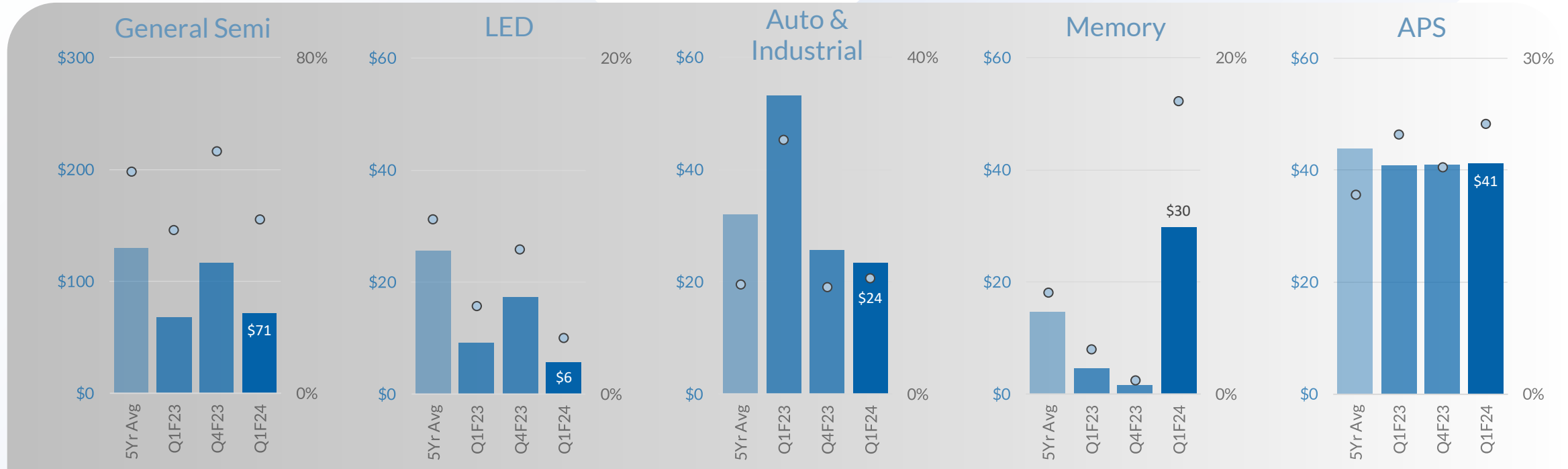


# Q1F24 Revenue Composition

## By End Market

■ Revenue per quarter  
 5Yr Avg = quarterly average of preceding five fiscal years

○ As a percent of total revenue



- **General Semi** anticipated seasonality; Power Semi softness; new HV systems being adopted
- **LED** Limited contribution from Advanced Display, General Lighting Ball Bonding utilization remains above 80%
- **Auto & Industrial** Near-term Industry softness, K&S remains aligned with long-term EV & sustainability transitions
- **Memory** up significantly due to NAND improvement; VFO opportunities to increase DRAM share in F24
- **APS** Consistency is aligned with sequentially stable field utilization rates of Ball Bonding

# Q1F24 Update

## Expanding our Market Access with Technology Shifts – Semiconductor Assembly

Assembly Value Add = K&S Value Add

Emerging K&S Assembly Solutions Provide Performance, Power-Efficiency, Form-Factor & Cost Benefits

### Ball Bonding

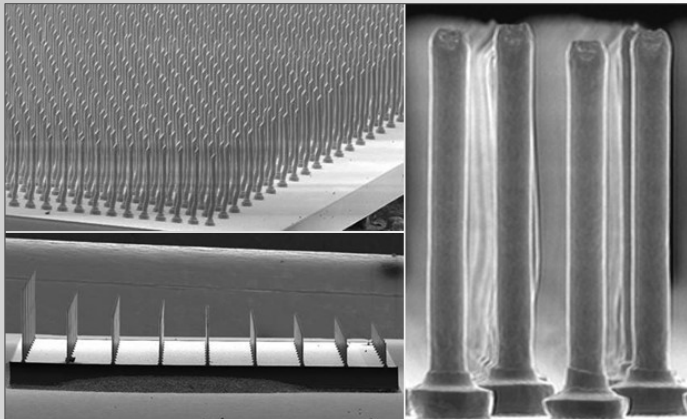
Decades of leadership

New Products being adopted, production ramping

Key K&S Opportunities

- Shielding – Growing IoT trend
- Vertical Fan Out (VFO) – Emerging stacked solution

>\$500K of VFO revenue booked in December Quarter



#### Vertical Fan Out

Wafer Level Bonding

Cost-effective package level density

27% Form Factor improvement

5% Power Reduction

Higher I/O count

Ability to stack at 40µm pitch

Engaged on several LPDDR VFO opportunities

Potential for high volume SIP and HBM to leverage similar vertical wire approaches

### Thermo-Compression Bonding (TCB)

Leadership Position

Enabling evolutions and share gains in leading-edge logic, memory, mobile and Co-Packaged-Optics

Expect to extend TCB technology below 10µm pitch

- Direct Copper-to-Copper
- Growing long-term potential for this industry breakthrough

#### TCB Solutions

C2W, C2S

100µm to <10µm Pitch

Leading Fluxless Process



# Q1F24 Update

*Expanding our Market Access with Technology Shifts – Advanced Display*

## LUMINEX™

Designed for the future Advanced Display market

Direct-emissive & advanced backlighting trends are revolutionizing LCD & commercial display markets

Mini-LED potential demonstrated at CES 2024

Qualification win is anticipated over coming months

## Project W

LUMINEX + Project W provide unique access to high-potential future Advanced Display market

Additional shipment expected during the March Quarter with initial revenue recognition anticipated later this year

Expect near-term milestones to drive long-term success

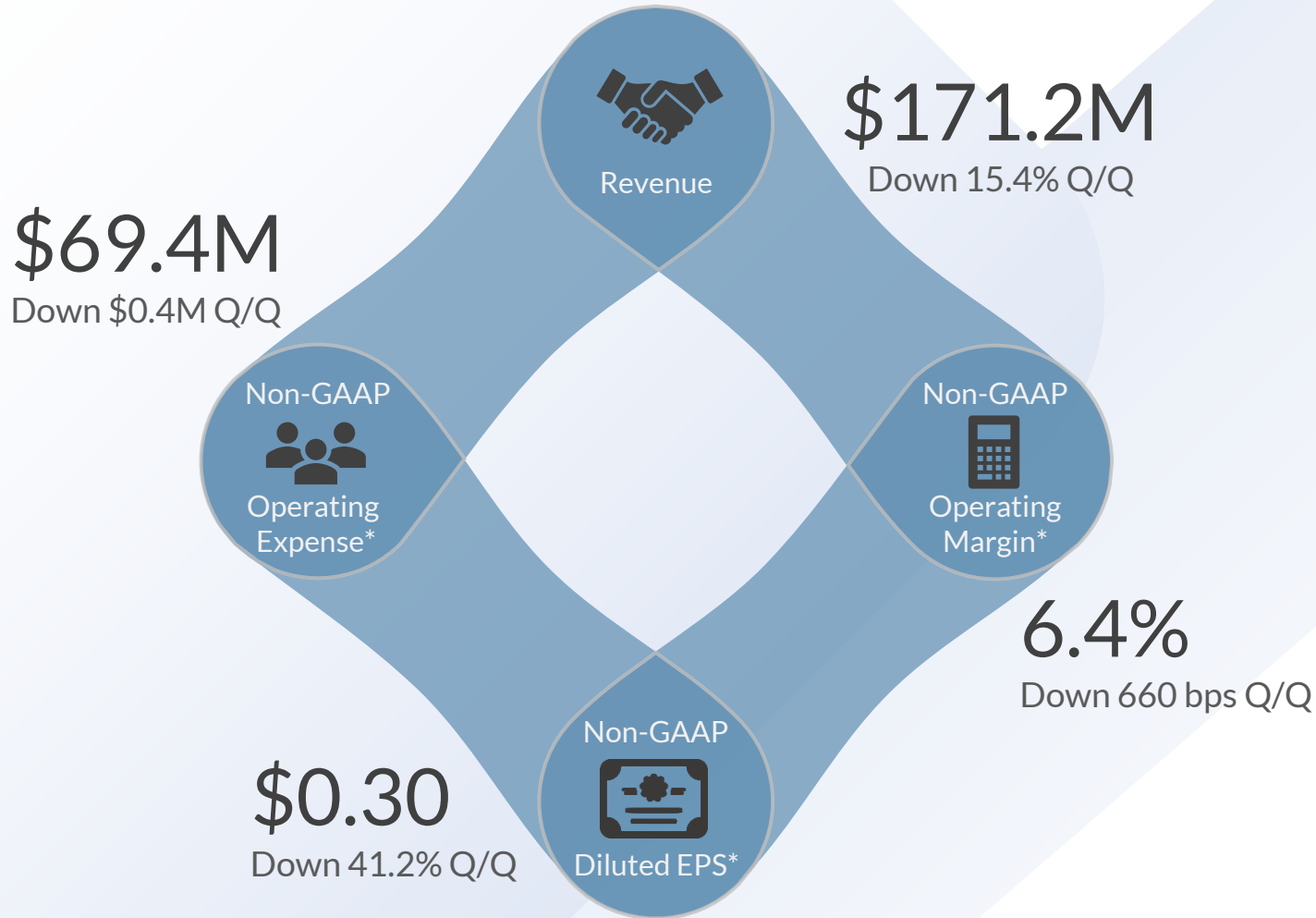


Positioned to lead the future Advanced Display market

Expect demand for K&S systems to rise as customers qualify & market adoption broadens

# Q1F24

## Financial Results



Expected Seasonal Dynamics

Better than Expected Non-GAAP OpEx Performance

Ongoing Through-Cycle Profitability

# Income Statement

## Q1F24 Summary Items

*\$Millions, except %, EPS, and share count*

	Q1F23	Q4F23	Q1F24	Q/Q	Y/Y
Revenue	\$176.2	\$202.3	\$171.2	(\$31.1)	(\$5.0)
Gross Margin	50.3%	47.4%	46.7%	(70) bps	(360) bps
Operating Expenses	\$76.9	\$76.4	\$78.2	\$1.8	\$1.3
Operating Income	\$11.8	\$19.5	\$1.7	(\$17.8)	(\$10.1)
Non-GAAP Net Income*	\$21.8	\$29.4	\$17.0	(\$12.4)	(\$4.8)
Diluted EPS	\$0.25	\$0.41	\$0.16	(\$0.25)	(\$0.09)
Non-GAAP Diluted EPS*	\$0.37	\$0.51	\$0.30	(\$0.21)	(\$0.07)
Diluted Share Count	57.7 M	57.4 M	57.0 M	(0.4) M	(0.7) M



# Balance Sheet & Cash Flow

## Q1F24 Summary Items

*\$Millions*

	Q1F23	Q2F23	Q3F23	Q4F23	Q1F24
Accounts Receivable	\$200.3	\$169.1	\$198.1	\$158.6	\$184.4
Inventory	\$211.6	\$224.2	\$228.0	\$217.3	\$236.6
Accounts Payable	\$57.5	\$54.9	\$52.9	\$49.3	\$58.7
Net Cash*	\$574.6	\$538.4	\$515.0	\$577.9	\$528.4
Working Capital Days**	536	517	465	448	524
Share Repurchases	\$45.4	\$5.0	\$8.5	\$9.2	\$26.8
Dividends	\$10.8	\$10.8	\$10.8	\$10.7	\$11.3

# Q2F24

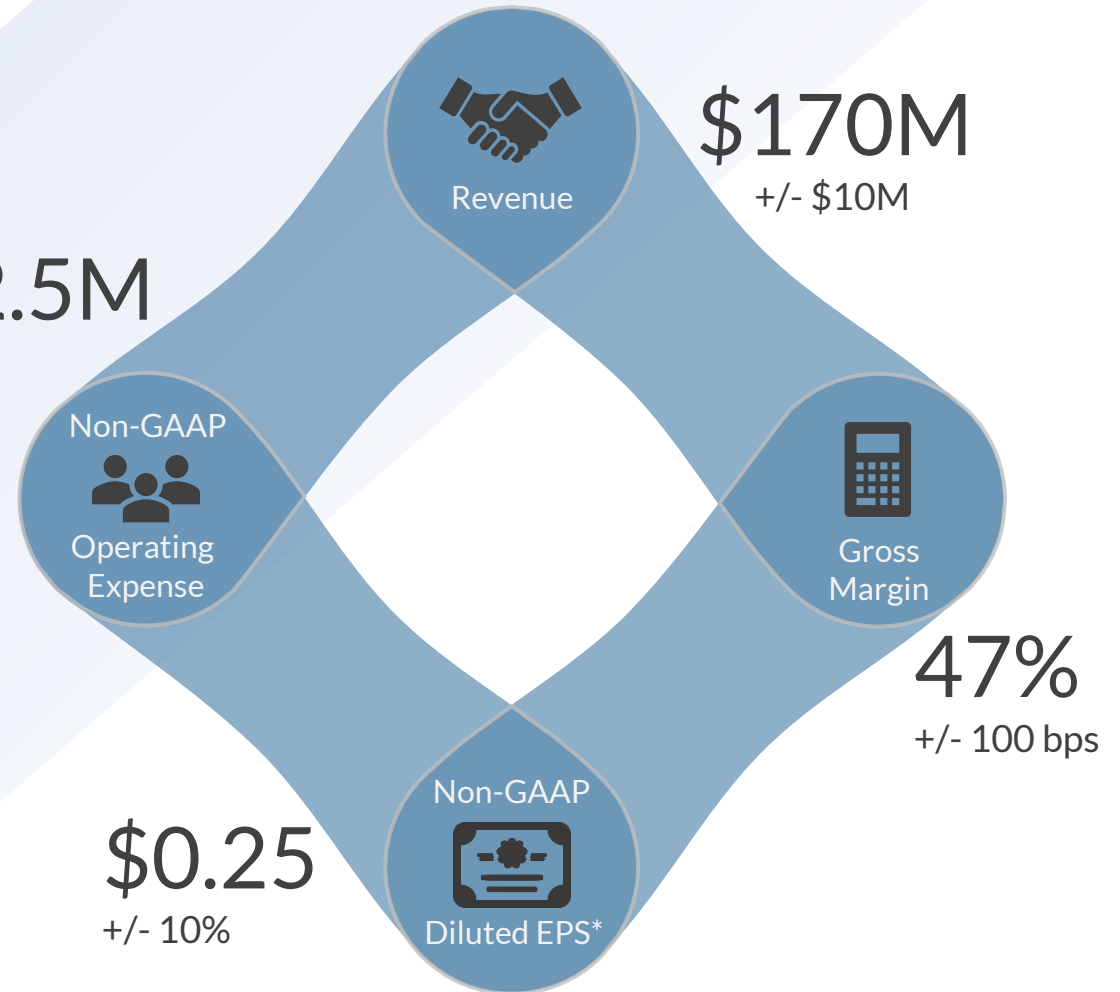
Outlook

Near-Term Softness in  
Automotive & Power Semi

Key Milestones in TCB & Adv  
Display Expected

Continue to Expect Broader Semi  
Industry Growth in H2F24

**\$72.5M**  
+/- 2%



# Earnings Review

## Q&A

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*For additional information*

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# Non-GAAP Reconciliations

## Reconciliation of U.S. GAAP to Non-GAAP Income from Operations and Operating Margin (In thousands, except percentages) (Unaudited)

	Three months ended		
	December 30, 2023	December 31, 2022	September 30, 2023
Net revenue	\$ 171,189	\$ 176,233	\$ 202,320
U.S. GAAP income from operations	1,693	11,822	19,474
U.S. GAAP operating margin	1.0 %	6.7 %	9.6 %
Pre-tax non-GAAP items:			
Amortization related to intangible assets	1,347	1,394	1,356
Restructuring	—	375	—
Equity-based compensation	7,857	6,521	5,441
Acquisition-related costs	—	107	13
Non-GAAP income from operations	\$ 10,897	\$ 20,219	\$ 26,284
Non-GAAP operating margin	6.4 %	11.5 %	13.0 %

## Reconciliation of U.S. GAAP Net Income to Non-GAAP Net Income and Non-GAAP Net Margin and U.S. GAAP net income per share to Non-GAAP net income per share (In thousands, except percentages and per share data) (Unaudited)

	Three months ended		
	December 30, 2023	December 31, 2022	September 30, 2023
Net revenue	\$ 171,189	\$ 176,233	\$ 202,320
U.S. GAAP net income	9,293	14,589	23,357
U.S. GAAP net margin	5.4 %	8.3 %	11.5 %
Non-GAAP adjustments:			
Amortization related to intangible assets	1,347	1,394	1,356
Restructuring	—	375	—
Equity-based compensation	7,857	6,521	5,441
Acquisition-related costs	—	107	13
Net income tax benefit on non-GAAP items	(1,516)	(1,218)	(758)
Total non-GAAP adjustments	\$ 7,688	\$ 7,179	\$ 6,052
Non-GAAP net income	\$ 16,981	\$ 21,768	\$ 29,409
Non-GAAP net margin	9.9 %	12.4 %	14.5 %
U.S. GAAP net income per share:			
Basic	0.16	0.26	0.41
Diluted <sup>(a)</sup>	0.16	0.25	0.41
Non-GAAP adjustments per share: <sup>(b)</sup>			
Basic	0.14	0.13	0.11
Diluted	0.14	0.12	0.10
Non-GAAP net income per share:			
Basic	\$ 0.30	\$ 0.39	\$ 0.52
Diluted <sup>(c)</sup>	\$ 0.30	\$ 0.37	\$ 0.51
Weighted average shares outstanding:			
Basic	56,650	57,051	56,442
Diluted	57,023	57,729	57,408

- (a) GAAP diluted net earnings per share reflects any dilutive effect of outstanding restricted stock, but that effect is excluded when calculating GAAP diluted net loss per share because it would be anti-dilutive.
- (b) Non-GAAP adjustments per share include amortization related to intangible assets acquired through business combinations, costs associated with restructuring and severance, acquisition and integration costs, equity-based compensation expenses, and income tax effects associated with the foregoing non-GAAP items.
- (c) Non-GAAP diluted net earnings per share reflects any dilutive effect of outstanding restricted stock.



# Non-GAAP Reconciliations

## Reconciliation of U.S. GAAP Cash provided by Operating Activities to Non-GAAP Adjusted Free Cash Flow (In thousands, except percentages) (unaudited)

	Three months ended		
	December 30, 2023	December 31, 2022	September 30, 2023
U.S. GAAP net cash (used in)/provided by operating activities	\$ (7,331)	\$ 85,116	\$ 77,492
Expenditures for property, plant and equipment	(4,426)	(13,878)	(9,281)
Proceeds from sales of property, plant and equipment	—	—	273
Non-GAAP adjusted free cash flow	(11,757)	71,238	68,484

## Reconciliation of U.S. GAAP to Non-GAAP Outlook (In millions, except per share data) (Unaudited)

	Second quarter of fiscal 2024 ending March 30, 2024		
	GAAP Outlook	Adjustments	Non-GAAP Outlook
Net revenue	\$170 million +/- \$10 million	—	\$170 million +/- \$10 million
Operating expenses	\$79.3 million +/- 2%	\$6.8 million <sup>B,C</sup>	\$72.5 million +/- 2%
Diluted EPS <sup>(1)</sup>	\$0.13 +/- 10%	\$0.12 <sup>A, B, C,D</sup>	\$0.25 +/- 10%

### Non-GAAP Adjustments

A. Equity-based compensation - Cost of sales	0.4
B. Equity-based compensation - Selling, general and administrative and Research and development	5.4
C. Amortization related to intangible assets	1.4
D. Net income tax effect of the above items	(0.5)

(1) GAAP and non-GAAP diluted EPS based on approximately 56.9 million diluted weighted average shares outstanding.

The tables above reconcile our GAAP to non-GAAP guidance based on the current outlook. The guidance does not incorporate the impact of any potential business combinations, divestitures, restructuring activities, strategic investments and other significant transactions. The timing and impact of such items are dependent on future events that may be uncertain or outside of our control.



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