

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

FORM 10-K

(Mark One)

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

For the fiscal year ended September 30, 2023

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. 000-00121

KULICKE AND SOFFA INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

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)

Registrant's telephone number, including area code: (215) 784-6000

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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, a 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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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 April 1, 2023, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was approximately \$2,987.5 million based on the closing sale price as reported on The Nasdaq Global Market (reference is made to Part II, Item 5 herein for a statement of assumptions upon which this calculation is based).

As of November 13, 2023, there were 56,720,044 shares of the registrant’s common stock, without par value, outstanding.

Documents Incorporated by Reference

The information required by Part III of this Annual Report, to the extent not set forth herein, is incorporated herein by reference from the registrant’s definitive proxy statement relating to the Annual Meeting of Shareholders to be held in 2024, which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

KULICKE AND SOFFA INDUSTRIES, INC.
2023 Annual Report on Form 10-K
September 30, 2023
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PART I

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 efforts; our ability to identify and realize new growth opportunities, our ability to control costs; 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, evolving trade and export restrictions and other trade-related barriers;
- projected growth rates in the overall semiconductor industry, the semiconductor assembly equipment market, and the market for semiconductor packaging materials;
- 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 under the heading “Risk Factors” in this Annual Report on Form 10-K for the fiscal year ended September 30, 2023 (the “Annual Report” or “Form 10-K”) and our other reports and registration statements filed from time to time with the Securities and Exchange Commission. This discussion should be read in conjunction with our audited financial statements included in this 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.

Item 1. BUSINESS

Founded in 1951, Kulicke and Soffa Industries, Inc. (“K&S,” “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 and consumables and provide 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 continuous improvement and optimization of our operational costs. Delivering new levels of value to our customers is a critically important goal.

K&S was incorporated in Pennsylvania in 1956. Our principal offices are located at 23A Serangoon North Avenue 5, #01-01, Singapore 554369 and 1005 Virginia Dr., Fort Washington, PA 19034, and our telephone number in the United States is (215) 784-6000. We maintain a website with the address www.kns.com. We are not including the information contained on our website as a part of, or incorporating it by reference into, this filing. We make available free of charge (other than an investor’s own Internet access charges) on or through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports, as soon as reasonably practicable after the material is electronically filed with or otherwise furnished to the Securities and Exchange Commission (“SEC”). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are also available on the SEC’s website at www.sec.gov.

Our year end for each of fiscal 2023, 2022 and 2021 was September 30, 2023, October 1, 2022, and October 2, 2021, respectively.

Current Events

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. Additionally, since October 8, 2023, the Hezbollah militant group has increased its hostilities against Israel over its northern region, including Haifa.

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 have 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 is actively providing support to employees and their families who have been impacted by these events, and employees in our Israeli facilities have the option of working from home to facilitate care-giving needs.

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.

Key Events in Fiscal 2023

Acquisition of Advanced Jet Automation Co., Ltd.

As part of our corporate strategy, we continually evaluate our portfolio of businesses and may from time to time decide to buy or sell businesses or enter into joint ventures or other strategic alliances. On February 22, 2023, we completed the acquisition of Advanced Jet Automation Co., Ltd. (“AJA”), including the material business and assets formerly owned by its affiliate, Samurai Spirit Inc., a leading developer and manufacturer of high-precision micro-dispensing equipment and solutions in Taiwan. The purchase price consisted of \$38.1 million in cash paid at closing, of which \$4.0 million from the purchase price is being held by us in escrow for a period of 24 months from the closing date. This acquisition provides new access to adjacent process steps throughout the existing semiconductor, electronic assembly and advanced display portfolio, increasing market access to several exciting growth areas such as emerging advanced backlighting and direct-emissive display technologies utilizing mini and micro-LEDs, as well as advanced packaging opportunities which are demanding finer-pitch assembly capabilities. As of February 22, 2023, AJA became our wholly-owned subsidiary and on March 30, 2023, AJA was renamed Kulicke and Soffa Hi-Tech Co., Ltd. (“K&S Hi-Tech”). The newly acquired business of K&S Hi-Tech is deemed a separate operating segment (advanced dispensing solutions) under the “All Others” category. Please refer to Note 3—Business Combination for additional information related to our acquisition of AJA.

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, the Company’s management continues to monitor the ongoing Israel-Hamas war and the prolonged Ukraine/Russia conflict, especially in light of the impact it may have on the availability and cost of raw materials that are produced in the 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 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 have 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 three years are reducing 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 prolonged Ukraine/Russia conflict did not materially impact our financial condition and operating results in fiscal 2023. 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. Consequently, our operating results could deteriorate.

For other information, please see “Part I, Item 1A — Risk Factors”.

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 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 May 7, 2022, the Company entered into a written trading plan under Rule 10b5-1 of the Exchange Act to facilitate repurchases under the Program. This trading plan was most recently modified on May 29, 2023. 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 fiscal year ended September 30, 2023, the Company repurchased a total of approximately 1,515.0 thousand shares of common stock at a cost of approximately \$68.1 million. The stock repurchases were recorded in the periods they were delivered and accounted for as treasury stock in the Company's Consolidated 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 September 30, 2023, our remaining stock repurchase authorization under the Program was approximately \$181.0 million.

Dividends

On August 23, 2023, June 8, 2023, March 2, 2023 and November 16, 2022, the Board of Directors declared a quarterly dividend of \$0.19 per share of common stock. During the fiscal year ended September 30, 2023, the Company declared dividends of \$0.76 per share of common stock. The declaration of any future cash dividend is at the discretion of the Board of Directors, subject to applicable laws, 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.

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 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.

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 91.2% and 94.4% of our net revenue for fiscal 2023 and 2022, respectively, was for shipments to customer locations outside of the U.S., primarily in the Asia/Pacific region. Approximately 38.6% and 45.8% of our net revenue for fiscal 2023 and 2022, respectively, was for shipments to customers headquartered in China.

While our customers have generally been 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.

Our Ball Bonding Equipment, Wedge Bonding Equipment and Advanced Solutions reportable segments, as well as 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 that can positively or negatively affect our financial performance. The sales mix of IDM and OSAT customers in any period also impacts financial performance, as changes in this mix can affect our products’ average selling prices and gross margins due to differences in volume purchases and machine configurations required by each customer type.

Our Aftermarket Products and Services (“APS”) segment has historically been less volatile than the other reportable segments. APS sales are more directly tied to semiconductor unit consumption rather than capacity requirements and production capability improvements.

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. Our visibility into future demand is generally limited, forecasting is difficult, 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 September 30, 2023, our total cash, cash equivalents and short-term investments were \$759.4 million, a \$16.1 million decrease from the prior fiscal year end. Despite the slight decrease from the prior fiscal year end, we believe our strong cash position will allow us to continue to invest in product development, pursue non-organic growth opportunities and return capital to investors through our share repurchase and dividend programs. Please see “Part II, Item 7. – Management Discussion and Analysis of Financial Condition - Liquidity and Capital Resources” for more information.

Technology Leadership

We compete in the General Semiconductor, LED, Automotive & Industrial and Memory end markets by offering our customers advanced capital equipment, tools and solutions primarily addressing their semiconductor interconnect and device assembly needs. Our technology leadership directly contributes to the strong market positions of our ball bonder, wedge bonder, advanced solutions, and other leading tools, services and solutions. To maintain our competitive advantage, we invest in product development activities designed to enhance existing products and to deliver next-generation solutions. These investments often focus on progressing the broader assembly process in addition to advancing specific hardware and software features within our broadening capital equipment and aftermarket solutions portfolios. In support of this development effort, we typically work in close collaboration with customers, end users, and other industry members. In addition to producing technical advances, these collaborative development efforts strengthen customer relationships and enhance our reputation as a technology leader and solutions provider.

In addition to gold, silver alloy wire and aluminum wire, our leadership in the industry’s use of copper wire for the bonding process is an example of the benefits of our collaborative efforts. By working with customers, material suppliers, and other equipment suppliers, we have developed a series of robust, high-yielding production processes, which have made the use of copper wire for the bonding process widely accepted and significantly reduced the cost of assembling an integrated circuit.

Our leadership also has allowed us to maintain a competitive position in the latest generations of ball bonders. Building on the success of RAPID™, which is the first product in the smart bonder series to address the Industry 4.0 requirements, our RAPID™ Pro introduces additional functionality including the latest response-based processes. The RAPID™ series continues to excel in providing real-time process and performance monitoring, real-time equipment health monitoring, advanced data analytics and traceability, predictive maintenance monitoring and analysis, and detection and enhanced post-bond inspection.

We optimize our bonder platforms to deliver variants of our products to serve emerging high-growth markets. For example, we have developed extensions to address opportunities in memory assembly with our RAPID™ MEM, in particular for NAND Flash storage.

Our leading technology for wedge bonder equipment uses ribbon or heavy wire for different applications such as power electronics, automotive and semiconductor applications. The advanced interconnect capabilities of PowerFusion^{PS} improve the processing of high-density power packages, due to an expanded bondable area, wider leadframe capability, indexing accuracy and teach mode. In all cases, we are making a concerted effort to develop commonality of subsystems and design practices, in order to improve performance and design efficiencies. We believe this will benefit us as it will increase synergies between our various product engineering groups. Furthermore, we continually research adjacent market segments where our technologies could be used. Many of these initiatives are in the early stages of development and some have yielded results such as the AsterionTM hybrid wedge bonder, which is built on an enhanced architecture that includes an expanded bond area, laser bonding, new robust pattern recognition capabilities and extremely tight process controls. Another example of our developing equipment for high-growth niche markets is our AT Premier PLUS. This machine utilizes a modified wire bonding process to mechanically place bumps on devices in a wafer format, for variants of the flip chip assembly process. Typical applications include complementary metal-oxide semiconductor (“CMOS”) image sensors, surface acoustical wave (“SAW”) filters and high brightness LEDs. These applications are commonly used in most, if not all, of the smartphones available today in the market. We also have expanded the use of AT Premier PLUS for wafer level wire bonding for micro-electro-mechanical systems (“MEMS”) and other sensors.

Our technology leadership and bonding process know-how have enabled us to develop highly function-specific equipment with high throughput and accuracy. This forms the foundation for our advanced packaging equipment development. We are also developing and manufacturing advanced packaging solutions for the emerging 2.5-dimensional integrated circuit (“2.5D IC”) and 3-dimensional integrated circuit (“3D IC”) markets. By reducing the interconnect dimensions, 2.5D ICs and 3D ICs are expected to provide form factor, performance and power efficiency enhancements over traditional flip-chip packages in production today. High-performance processing and memory applications, in addition to mobile devices such as smartphones and tablets, are earlier adopters of this new packaging technology. Chiplets are emerging as an alternative methodology for developing advanced system-level designs. Chiplets of various functions and typically fabricated in different process nodes are mixed-and-matched and assembled in a package with the goal of speeding up time-to-market and reducing cost. This methodology of developing advanced system-level designs is increasing the complexity of packages. Our leadership in system-in-package (“SiP”), multi-chip module (“MCM”) and heterogeneous integration are well positioned to address the requirements of this emerging and growing trend. Our latest fluxless capable bonding technology allows ultra-fine-pitch interconnects necessary for next-generation chiplet-based advanced packages. We have also expanded our long-term advanced packaging partnership with the UCLA Center for Heterogeneous Integration and Performance Scaling (“CHIPS”) and Penn State Center for Heterogeneous Integration of Micro Electronic Systems (“CHIMES”).

In addition to our growing heterogeneous opportunities, we have also broadened our mass reflow advanced packaging solutions to include high-accuracy flip chip and fan-out wafer level packaging (“FOWL”) with KatalystTM. Our electronics assembly solutions are also capable of advanced package-on-package, wafer level packaging (“WLP”), embedded die, and active and passive die placement for SiP, enabling us to diversify our business while further expanding market reach into the automotive, LED lighting, medical and industrial segments.

During fiscal 2019, we entered into the emerging mini-LED market supporting display backlighting and direct emissive displays, with the launch of PIXALUXTM. The PIXALUXTM is a high-speed die placement equipment, and one of the most mass production ready solutions for mini-LED placement in the market. Mini-LEDs are used in TV, IT display, large display, signage display, consumer display and automotive markets. The usage of mini-LEDs is expected to grow significantly over the next few years, followed by micro-LED adoption. We intend to leverage the momentum we already have with PIXALUXTM to continue to innovate and provide solutions to the industry to meet the challenges of packaging and assembling the next-generation of electronic devices.

In order to help strengthen this position, we have developed LUMINEXTM which is a laser-based mini and micro-LED die transfer system. It is a highly flexible system capable of a single die transfer, multi-die transfer and mass transfer for the various applications in the advanced display value chain. LUMINEXTM combines laser technology, state-of-the-art optical systems, material engineering and high precision motion control to deliver industry leading throughput and placement accuracy. As announced on August 8, 2023, we have commenced a collaboration on LUMINEXTM with Taiwan Surface Mounting Technology Corp, a worldwide leading LCD Surface Mount Technology (“SMT”) solutions provider, to advance mini-LED backlight and direct-emissive displays for high-volume adoption.

We bring the same technology focus to our tools business, driving tool design and manufacturing technology to optimize the performance and process capability of the equipment in which our tools are used. For all our equipment products, tools are an integral part of their process capability. We believe our unique ability to simultaneously develop both equipment and tools is a core strength supporting our products' technological differentiation.

Customers

Our major customers include IDMs, OSATs, foundry service providers, and other electronic manufacturers and automotive electronics suppliers. Revenue from our customers may vary significantly from year-to-year based on their respective capital investments, operating expense budgets, and overall industry trends. For other information regarding our concentrations and customers, please see “Part II, Item 8 — Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements - Note 17: Commitments, Contingencies and Concentrations”. There was no customer with sales representing more than 10% of our net revenue in fiscal 2023.

Sales and Customer Support

We believe long-term customer relationships are critical to our success, and comprehensive sales support and customer support are an important means of establishing those relationships. To maintain these relationships, we primarily utilize our direct sales force, as well as distribution channels such as agents and distributors, depending on the product, region, or end-user application. In all cases, our goal is to position our sales support and customer support resources near our customers’ facilities so as to provide support for customers in their own language and consistent with local customs. Our sales support and customer support resources are located primarily in Singapore, Israel, Taiwan, China, Korea, Malaysia, the Philippines, Vietnam, Japan, Thailand, the U.S., Germany, Mexico, Switzerland and the Netherlands. Supporting these local resources, we have technology centers offering additional process expertise in Singapore, China, Switzerland, Israel, the U.S. and the Netherlands.

By establishing relationships with semiconductor manufacturers, OSATs, and vertically integrated manufacturers of electronic systems, we gain insight into our customers’ future semiconductor packaging strategies. In addition, we also send our products and equipment to customers or potential customers for trial and evaluation. These insights assist us in our efforts to develop products and processes that address our customers’ future assembly requirements.

Backlog

Our backlog consists of customer orders scheduled for shipment within the next twelve months. A majority of our orders are subject to cancellation or deferral by our customers with limited or no penalties. Also, customer demand for our products can vary dramatically without prior notice. Because of the volatility of customer demand, possibility of customer changes in delivery schedules or cancellations and potential delays in product shipments, our backlog as of any particular date may not be indicative of net revenue for any succeeding period.

The following table reflects our backlog as of September 30, 2023 and October 1, 2022:

<i>(in thousands)</i>	As of	
	September 30, 2023	October 1, 2022
Backlog	\$ 423,824	\$ 510,145

Manufacturing

We believe excellence in manufacturing can create a competitive advantage, both by producing at lower costs and by providing superior responsiveness to changes in customer demand. To achieve these goals, we manage our manufacturing operations through a single organization and believe that fewer, larger factories allow us to capture economies of scale and generate cost savings through lower manufacturing costs.

Our equipment manufacturing activities consist mainly of integrating outsourced parts and subassemblies and testing finished products to customer specifications. We largely utilize an outsource model, allowing us to minimize our fixed costs and capital expenditures. For certain low-volume, high customization parts, we manufacture subassemblies ourselves. Just-in-time inventory management has reduced our manufacturing cycle times and lowered our on-hand inventory requirements. Raw materials used in our equipment manufacturing are generally available from multiple sources; however, many outsourced parts and components are only available from a single or limited number of sources.

Our ball bonder, wedge bonder, AT Premier, APAMA™ and Katalyst™ bonder manufacturing and assembly is done at our facility in Singapore. Our Hybrid and Electronic Assembly solutions manufacturing and assembly is done at our facility in the Netherlands. We have ISO 9001 and ISO 14001 certifications for our equipment manufacturing facilities in Singapore and in the Netherlands.

We manufacture dicing blades, capillaries and a portion of our bonding wedge inventory at our facility in China. The capillaries are produced at our facilities in China and Israel. We both produce and outsource the production of our bonding wedges. Our China and Israel facilities are ISO 9001 certified. Our China facility is also ISO 14001 and ISO 18001 certified.

Research and Product Development

Many of our customers generate technology roadmaps describing their projected packaging technology requirements. Our research and product development activities are focused on delivering robust production solutions to those projected requirements. We accomplish this by regularly introducing improved versions of existing products or by developing next-generation products. We follow this product development methodology in all our major product lines.

Intellectual Property

Where circumstances warrant, we apply for patents on inventions governing new products and processes developed as part of our ongoing research, engineering, and manufacturing activities. We currently hold a number of U.S. patents, many of which have foreign counterparts. We believe the duration of our patents often exceeds the commercial life cycles of the technologies disclosed and claimed in the patents. Additionally, we believe much of our important technology resides in our trade secrets and proprietary software.

Competition

The market for semiconductor equipment and packaging materials products is intensely competitive. Significant competitive factors in the semiconductor equipment market include price, speed/throughput, production yield, process control, delivery time, innovation, quality and customer support, each of which contribute to lower the overall cost per package being manufactured. Our major equipment competitors are ASM Pacific Technology, Hesse GmbH, Han's Laser Technology Co., Ltd., BE Semiconductor Industries N.V., Hanwha Precision Machinery Co., Ltd., Panasonic Holdings Corporation, Shinkawa Ltd. and Nordson Corporation.

Significant competitive factors in the semiconductor packaging materials industry include performance, price, delivery, product life, and quality. Our significant consumables competitors are PECO Co., Ltd. , Disco Corporation, Small Precision Tools Co., Ltd. and Chaozhou Three-Circle (Group) Co., Ltd.

In each of the markets we serve, we face competition and the threat of competition from established competitors and potential new entrants, some of which may have greater financial, engineering, manufacturing, and marketing resources.

Environmental and Other Regulatory Matters

We are subject to various federal, state, local and foreign laws and regulations governing, among other things, the generation, storage, use, emission, discharge, transportation and disposal of hazardous materials and the health and safety of our employees. In addition, we are subject to environmental laws which may require investigation and cleanup of any contamination at facilities we own or operate or at third-party waste disposal sites we use or have used.

We have incurred in the past, and expect in the future to incur, costs to comply with environmental laws. We are not, however, currently aware of any material costs or liabilities relating to environmental matters, including any claims or actions under environmental laws or obligations to perform any cleanups at any of our facilities or any third-party waste disposal sites, that we expect to have a material adverse effect on our business, financial condition or operating results. However, it is possible that material environmental costs or liabilities may arise in the future.

Though the majority of our manufacturing activities take place outside of the U.S., certain of our advanced packaging products are subject to the U.S. Export Administration Regulations (“EAR”) because they are based on U.S. technology or contain more than a *de minimis* amount of controlled U.S. content. The EAR require licenses for, and sometimes prohibit, the export of certain products. The Commerce Control List (“CCL”) sets forth the types of goods and services controlled by the EAR, including civilian science, technology, and engineering dual-use items. For products listed on the CCL, a license may be required as a condition to export depending on the end destination, end use or end user and any applicable license exceptions.

Our business is subject to various other regulations typical of businesses of our type in the jurisdictions in which we operate. We maintain an export compliance program designed to meet the requirements of the U.S. Department of Commerce and the U.S. Department of State.

Business Continuity Management Plan

We have developed and implemented a global Business Continuity Management Plan (“BCP”) for our business operations. The BCP is designed to facilitate the prompt resumption of our business operations and functions arising from an event which impacts or potentially impacts our business operations. As the scale, timing, and impact of disasters and disruptions are unpredictable, the BCP has been designed to be flexible in responding to actual events as they occur. The BCP provides a structured framework for safeguarding our employees and property, making a financial and operational assessment, protecting our books and records, perpetuating critical business functions, and enabling the continuation of customer transactions. We review and update our BCP on a periodic basis to reflect any changes in our Company’s structure, operations or environment that may affect its continuity.

Environmental, Social and Governance (“ESG”)

We continue to proactively manage and address the ESG topics that are of concern to us and our stakeholders. The sustainability governance structure at K&S continues to evolve and mature. In fiscal 2022, we embedded our four corporate social responsibility pillars into a wider ESG framework now covering the full spectrum of ESG-related efforts and initiatives, and further integrated these ESG-related considerations, efforts and initiatives into many of our business and operational practices.

We also established an ESG council to oversee our ESG efforts. The ESG council comprises sub-components overseen by organizational leads, with each lead providing regular updates on status and planned initiatives to defined ESG council work streams. The ESG council provides quarterly updates to our executive leadership, with the Nominating and Governance Committee (“NGC”) of the Board of Directors receiving summary reports on a semi-annual basis. The NGC maintains ultimate oversight of all ESG activities and is responsible for reviewing and overseeing our ESG strategy, policies, and performance. Through this structure, the Board of Directors has oversight of the impacts the organization has on its stakeholders and the environment.

For more information on our ESG efforts, please refer to our Sustainability Report 2022, which can be found on our website at <https://www.kns.com/ESG>. This website reference is provided for convenience only and the content on the referenced website is expressly not incorporated by reference into this Annual Report on Form 10-K.

Human Capital

Our Employees

Our talented employees are critical to our ability to achieve the Company's vision to be the leading technology and service provider of innovative interconnect solutions enabling a smart future. As of September 30, 2023, we had 2,877 full-time employees and 148 temporary workers worldwide.

Diversity & Inclusion

We are committed to providing a diverse and collaborative environment that is rich in opportunities and which enables our employees to grow both professionally and personally in their careers within the Company. We are also committed to treating employees with dignity and respect. Diversity is important to the Company and we believe that the combined knowledge and diverse views that our employees contribute across our global locations strengthens our competitive edge. We value different backgrounds, celebrate unique perspectives, and believe that diversity and inclusion are essential to creating an environment where we can achieve our best innovation essential to the success of the Company. In fiscal 2022, the Company incorporated its Diversity & Inclusion ("D&I") program into its ESG structure.

The vision of the D&I program is to enrich the experience of all Company employees, irrespective of their seniority or role. It aims to foster an environment that acknowledges and celebrates their contributions and achievements in a unified and supportive setting. Building upon the effective worldwide implementation of the Company's equity assessment, extensive training sessions, and diversity events during fiscal year 2023, the next phase of the strategic plan involves a learning and development series titled "Inclusive Leader Mindset Change Training". This program is designed to equip all people managers with valuable perspectives and tools to cultivate inclusive leadership.

Safe Workplace

We endeavor to provide a safe and healthy workplace for all our employees. The health and safety of our employees is of paramount importance to the Company, and forms an integral part of our organizational culture. In fiscal 2022, we established an Executive Safety Committee (the "Safety Committee") to provide overall leadership and policy in discharging the Company's safety responsibilities while promoting a culture of safety within the Company. The Safety Committee, together with key site and operations leadership responsible for the Company's workplace safety and health, works together to establish and communicate a vision for the Company's workplace safety. Each of our key manufacturing and R&D sites have also established its Environment, Health and Safety ("EHS") practices, objectives and performance targets, which are overseen by an EHS Committee, led by an EHS Manager or a Safety Representative from each key operations function. To ensure that all employees are familiar with our safety standards and actions, we conduct regular health and safety-related trainings including an online based Corporate Safety Training module, as well as hands-on preparedness training comprising periodic fire drill evacuations, first-aid, fire-fighting and hazardous chemical spillage response drills. This training is included in our new hire on-boarding programs with employee-wide refresher trainings conducted every two years.

As part of our business continuity measures and in response to the COVID-19 pandemic, we assembled a management-led COVID-19 Committee comprising directors and managers of various key departments to provide global oversight and guidance in implementing site-specific business continuity and risk mitigation plans across our key sites. While we have ceased regular meetings of the COVID-19 Committee in light of the current global COVID-19 situation, we remain vigilant and continue to monitor the latest developments and guidelines provided by global authorities such as the World Health Organization ("WHO"), and remain ready to reactivate our resources, including the COVID-19 Committee or a similar committee, to deal with other global health situations if it becomes necessary to do so in the future.

Human Resource ("HR") Practices

At K&S, we aim to recruit, develop and retain a high performing and diverse workforce while fostering a safe and productive work environment for employees to maximize individual and organizational potential. Our regional HR managers support the local leaders and managers, ensuring that our employment and labor practices adhere to regional and local regulations. We continually review these policies and benchmark them against market peers to help ensure that we implement leading practices on recruitment, onboarding and employee development. Our HR function also includes centers of excellence in Talent Management, Talent Acquisition, HR Shared Services, and Global Compensation and Benefits, ensuring best practices in these important areas.

Employee Development

We believe in investing in our employees' professional growth by encouraging them to continually develop their functional and leadership skills and to gain different experiences across the Company as they progress along their career paths and grow within our organization. Our Learning and Development Framework which is based on identified professional and management competencies and the Company's core values, is tailored to specific target groups such as new hires, professional and support staff levels, manager levels as well as identified key talents from our succession planning process. These development programs are also based on the 70/20/10 learning and development model under which individuals obtain 70% of their knowledge through experiential learning, 20% through social learning and 10% from formal educational events. We encourage our employees to not only participate actively in technical and soft skill training programs, but also to learn through peer coaching and mentoring, and to develop professionally through various stretch assignments and projects. In fiscal 2023, we launched a number of global leadership development programs designed to accelerate the development of our key leaders and prepare high potential talents to take on broader leadership roles.

Following employee feedback in the last employee engagement survey, we introduced a formalized career progression framework and associated tools to provide clarity and guidance to both managers and employees. The framework provides clarity and tools for employees in the Professional and Management Career tracks on the requisite competencies for advancement to the next career level within the Company. Employees are encouraged to enroll in the various training courses intended to support their development in the required competency stages as they chart their career progression with the Company.

Compensation & Benefits

We strive to ensure fair, equitable and competitive pay for all employees within the locations where they work, and we obtain market knowledge about pay levels by participating in multiple globally recognized compensation surveys annually. The survey organizations pool our data together with all the responding companies to determine market relevant pay ranges for all our positions. Our analysis and programs also evaluate industry sector information most relevant to us. The Company also strives to ensure that our employee benefits are compliant in the cities, states and countries in which we operate, while annual benefits benchmarking ensures that our benefits are attractive in the markets where we compete for talent.

Employee Engagement

As part of our employee engagement initiatives, every two to three years, we conduct a global employee engagement survey, the "Voice of K&S", to gather feedback from all our employees on various aspects of their work and on our corporate culture. Survey results are reviewed by management teams to identify improvement opportunity areas. In the most recent survey conducted in December 2022, 95% of our employees provided their feedback and we achieved an overall engagement score of 89%, an improvement of 11% from our last survey in 2019. The engagement score is calculated based on responses to three questions that are designed to gauge an employee's willingness to help the Company achieve its goals, pride in working at the Company and intentions to continue growing his or her career within the Company.

Work flexibility, which had been critical to our success throughout the COVID-19 pandemic, has now become part of our culture. We have provided tools and infrastructure to enable employees the choice and flexibility of a range of flexible work arrangement options that best meet their needs while allowing them to continue to fulfill the Company's business objectives.

Open Door Policy

We maintain an open-door policy through our grievance and whistleblowing procedures and provide multiple avenues for employees to voice their concerns and raise suggestions. Employees may report any grievances to their immediate supervisor, local HR representatives or the Global Vice President of HR. Employees may also confidentially and anonymously raise any concerns of legal violation, violation of the Company's codes and policies, improper or unethical business practices, or concealment of any wrong-doing through the whistleblower hotline or website. We take every raised complaint seriously and prohibit any form of retaliation against any employee for lodging a complaint in good faith.

Item 1A. RISK FACTORS

Semiconductor Industry and Macroeconomic Risks

Our operating results and financial condition could be adversely impacted by volatile worldwide economic conditions and unpredictable spending by our customers due to uncertainties in the macroeconomic environment.

Though the semiconductor industry's cycle can be independent of the general economy, global economic conditions may have a direct impact on demand for semiconductor units and ultimately demand for semiconductor capital equipment and tools. Accordingly, our business and financial performance is impacted, both positively and negatively, by fluctuations in the macroeconomic environment. Expenditures by our customers depend on the current and anticipated market demand for semiconductors and products that use semiconductors, LEDs and batteries, including mobile devices, personal computers, consumer electronics, telecommunications equipment, automotive components, electric vehicles and other industrial products. Reductions or other fluctuations in our customers' spending as a result of uncertain conditions and volatility in the macroeconomic environment, including from government, economic or fiscal instability, economic recession, actual or potential inflation, rising interest rates, slower growth in certain geographic regions, global trade issues, global health crises and pandemics, restricted global credit conditions, reduced demand, excess inventory, higher energy prices, or other conditions, could adversely affect our business, financial condition and operating results. Further, our profitability can be affected by volatility because we incur a certain amount of fixed costs that we cannot modulate up and down to meet increases or decreases in demand. The impact of broad-based weakening in the global macroeconomic environment could make our customers cautious and delay orders until the economic outlook becomes clearer. Significant downturns in the market for semiconductor devices or in general economic conditions reduce demand for our products and can materially and adversely affect our business, financial condition and operating results. Our visibility into future demand is generally limited and forecasting is difficult, and we believe historic, industry-wide volatility will persist.

The ongoing Israel-Hamas war may adversely affect our business, financial condition or results of operations.

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. Additionally, since October 8, 2023, the Hezbollah militant group has increased its hostilities against Israel over its northern region, including Haifa.

Many multinational companies in the semiconductor industry have research, design and development centers situated in Israel, including our Company, which has a manufacturing facility and a business office in Haifa.

The intensity, duration and outcome of the ongoing war is uncertain and its continuation or escalation may have a material adverse effect on our business and operations. While we are currently maintaining business and operations in Israel without material damage or interruptions at our Israeli facility, our assets and operations in Israel could be vulnerable to future property damage, inventory loss, business disruption, and expropriation.

We have around 70 employees in Israel. While to our knowledge, there have been no reported casualties or injuries to our employees as of the date of this report, some of our Israeli employees have been mobilized as members of the Israeli military reserves to active duty. The ongoing war could cause harm to our employees and otherwise impair their ability to work for extended periods of time, as well as disrupt supply chains, transport networks, telecommunications and financial systems, and other critical infrastructure necessary to conduct business in Israel. As the intensity of the war has been rapidly evolving, including the potential for heightened geopolitical tensions in the Middle East, we continue to receive and review reports concerning our operations and business partners and remain vigilant.

The risk of cybersecurity incidents may also increase in connection with the ongoing war. These attacks may impact critical infrastructure and financial institutions globally, which in turn could adversely affect our operations. While we have taken actions to mitigate such potential risks, the proliferation of malware from the war into systems unrelated to the war, or cyberattacks targeted against U.S. companies, could adversely affect our operations.

Even if the war moderates, or a peaceful resolution in the region is reached, the detrimental impact to the global financial markets may be far-reaching, and may not recover immediately. The potential effects of these conditions could have a material adverse effect on our business, results of operations and financial condition.

We depend on our suppliers, including sole source suppliers, for raw materials, components and subassemblies. If our suppliers do not deliver their products to us, or deliver non-compliant or defective products, we would be unable to deliver our products to our customers.

Our products are complex and require raw materials, components and subassemblies having a high degree of reliability, accuracy and performance. We rely on subcontractors to manufacture many of these components and subassemblies and we rely on sole source suppliers for certain key technology parts and raw materials. As a result, we are exposed to a number of significant risks, including:

- decreased control over the manufacturing process for components and subassemblies;
- changes in our manufacturing processes in response to changes in the market, which may delay our shipments;
- our inadvertent use of defective or contaminated raw materials;
- the relatively small operations and limited manufacturing resources of some of our suppliers, which may limit their ability to manufacture and sell subassemblies, components or parts in the volumes we require and at acceptable quality levels and prices;
- restrictions on our ability to rely on suppliers due to changes in trade regulation as well as laws and regulations enacted in response to concerns related to climate change, conflict minerals, or responsible sourcing practices;
- the inability of suppliers to meet our or other customer demand requirements;
- reliability or quality issues with certain key subassemblies provided by single source suppliers as to which we may not have any short-term alternative;
- shortages caused by disruptions at our suppliers and subcontractors for a variety of reasons, including public health emergencies and associated containment measures, war or geopolitical tensions (such as the Israel-Hamas war, tensions in the Middle East and the Ukraine/Russia conflict), significant natural disasters (including as a result of climate change) or significant price changes (including as a result of inflationary pressures);
- delays in the delivery of raw materials or subassemblies, which, in turn, may delay shipments to our customers;
- loss of suppliers as a result of consolidation of suppliers in the industry; and
- loss of suppliers because of their bankruptcy or insolvency.

If any of these risks were to materialize, we might be unable to deliver our products to our customers on time and at expected cost, or at all. While we observed some easing of the industry-wide supply constraints towards the end of fiscal 2022 and in fiscal 2023, we expect some constraints to continue and the duration of such constraints or their long-term impact on our business cannot be predicted at this time.

As part of our supply chain management, we may from time to time increase our inventory levels to mitigate against anticipated future component shortages. These increases in our inventory levels may lead to an excess of materials in the future in the event that the demand for our products is lower than our expectations or if we otherwise fail to anticipate future customer demand properly. Excess inventory levels could result in inventory write-downs at discounted prices, which could adversely affect our cash flows or gross margins. As a result, our business, financial condition and operating results would be materially and adversely affected.

The semiconductor industry is volatile with sharp periodic downturns and slowdowns. Cyclical industry downturns are made worse by volatile global economic conditions.

The semiconductor industry is volatile, with periods of rapid growth followed by industry-wide retrenchment. These periodic downturns and slowdowns have in the past adversely affected our business, financial condition and operating results. Downturns have been characterized by, among other things, diminished product demand, excess production capacity, and accelerated erosion of selling prices. Historically these downturns have severely and negatively affected the industry's demand for capital equipment, including assembly equipment and, to a lesser extent, tools. In any case, we believe the historical volatility of our business, both upward and downward, will persist. Consequently, our revenues may decline, and our results of operations and financial condition may be adversely affected.

Difficulties in forecasting demand for our product lines may lead to periodic inventory shortages or excesses.

We typically operate our business with limited visibility of future demand. We do not have long-term contracts with many of our customers. As a result, demand for our products in future periods is difficult to predict and we sometimes experience inventory shortages or excesses. We generally order supplies and otherwise plan our production based on internal forecasts for demand. We have in the past failed, and may again in the future fail, to accurately forecast demand for our products. This has led to, and may in the future lead to, delays in product shipments or, alternatively, an increased risk of inventory obsolescence. As part of our supply chain management, we have increased our inventory levels in an effort to mitigate component shortages, which may increase the risk of inventory obsolescence. If we fail to accurately forecast demand for our products, our business, financial condition and operating results may be materially and adversely affected.

Our quarterly operating results fluctuate significantly and may continue to do so in the future.

In the past, our quarterly operating results have fluctuated significantly. We expect that our quarterly results will continue to fluctuate. Although these fluctuations are partly due to the cyclical and volatile nature of the semiconductor industry, they also reflect other factors, many of which are outside of our control.

Some of the factors that may cause our net revenue and operating margins to fluctuate significantly from period to period are:

- market downturns;
- industry inventory levels;
- the mix of products we sell because, for example:
 - certain lines of equipment or certain aftermarket tools within our business segments are more profitable than others; and
 - some sales arrangements have higher gross margins than others;
- canceled or deferred orders;
- variations in sales channel or mix of direct sales and indirect sales;
- seasonality;
- competitive pricing pressures may force us to reduce prices;
- higher than anticipated costs of development, achieving customer acceptance or production of new products;
- the availability and cost of the components for our products;
- delays in the development and manufacture of our new products and upgraded versions of our products and market acceptance of these products when introduced;
- customers' delay in purchasing our products due to anticipation that we or our competitors may introduce new or upgraded products; and
- our competitors' introduction of new products.

Many of our expenses, such as research and development, selling, general and administrative expenses, and interest expense, do not vary directly with our net revenue. Our research and development efforts include long-term projects lasting a year or more, which require significant investments. In order to realize the benefits of these projects, we believe that we must continue to fund them even during periods when our revenue has declined. As a result, a decline in our net revenue would adversely affect our operating results as we continue to make these expenditures. In addition, if we were to incur additional expenses in a quarter in which we did not experience comparable increased net revenue, our operating results would decline. In a downturn, we may have excess inventory, which could be written off. Some of the other factors that may cause our expenses to fluctuate from period-to-period include:

- timing and extent of our research and development efforts;
- severance, restructuring, and other costs of relocating facilities;
- inventory write-offs due to obsolescence or other causes; and
- an increase in the cost of labor or materials.

Because our net revenue and operating results are volatile and difficult to predict, we believe consecutive period-to-period or year-over-year comparisons of our operating results may not be a good indication of our future performance.

Competitive Risks

Our average selling prices usually decline over time and may continue to do so.

Typically, our average selling prices have declined over time due to continuous price pressure from our customers and competitive cost reductions in our industry's supply chains. We seek to offset this decline by continually reducing our cost structure by consolidating operations in lower cost areas, reducing other operating costs, by pursuing product strategies focused on product performance and customer service, and developing new products for which we are able to charge higher prices. These efforts may not enable us to fully offset price declines, and if they do not, our financial condition and operating results may be materially and adversely affected.

We may not be able to rapidly develop, manufacture and gain market acceptance of new and enhanced products required to maintain or expand our business.

We believe our continued success depends on our ability to continuously develop and manufacture new products and product enhancements on a timely and cost-effective basis. We must introduce these products and product enhancements into the market in a timely manner in response to customers' demands for higher performance assembly equipment and leading-edge materials customized to address rapid technological advances in integrated circuits, and capital equipment designs. Our competitors may develop new products or enhancements to their products that offer improved performance and features, or lower prices which may render our products less competitive. The development and commercialization of new products require significant capital expenditures over an extended period of time, and some products we seek to develop may never become profitable. In addition, we may not be able to develop and introduce products incorporating new technologies in a timely manner that will satisfy our customers' future needs or achieve market acceptance. If we are not able to develop and sell our products that meet the demands of our customers, it would result in lower net revenues and our operating results would be adversely affected.

We may be unable to continue to compete successfully in the highly competitive semiconductor equipment and packaging materials industries.

The semiconductor equipment and packaging materials industries are very competitive. In the semiconductor equipment industry, significant competitive factors include price, speed/throughput, production yield, process control, delivery time, innovation, quality and customer support. In the semiconductor packaging materials industry, significant competitive factors include price, delivery and quality.

In each of our markets, we face competition and the threat of competition from established competitors and potential new entrants. In addition, established competitors may combine to form larger, better-capitalized companies. Some of our competitors have or may have significantly greater financial, engineering, manufacturing and marketing resources than we do. Some of these competitors are Asian and European companies that have had, and may continue to have, an advantage over us in supplying products to local customers who appear to prefer to purchase from local suppliers. Some of these competitors compete across many of our product lines, while others are primarily focused in a specific product area, all of which could result in lowering the barriers to entry. Some governments may have provided, and will continue to provide, financial assistance or other support to some of our competitors or to new entrants, to advance the nation's growth in the semiconductor equipment and packaging materials industries.

We expect our competitors to improve their current products' performance, and to introduce new products and materials with improved price and performance characteristics. Our competitors may independently develop technology similar to or better than ours. They may also appropriate our technology and our intellectual property to compete against us and we may not have adequate legal recourse. New product and material introductions by existing competitors or by new market entrants could hurt our sales. If a semiconductor manufacturer or subcontract assembler selects a competitor's product or materials for a particular assembly operation, we may not be able to sell products or materials to that manufacturer or assembler for a significant period of time. Manufacturers and assemblers sometimes develop lasting relationships with suppliers and assembly equipment providers in our industry and often go years without requiring replacement. In addition, we may have to lower our prices in response to price cuts by our competitors, which may materially and adversely affect our business, financial condition and operating results. If we cannot compete successfully, we could lose customers and experience reduced margins and profitability.

Geographic, Trade and Customer Risks

Substantially all of our sales, distribution channels and manufacturing operations are located outside of the U.S., which subjects us to risks, including risks from changes in trade regulations, currency fluctuations, political instability and conflicts.

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. 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. Over 90% of our net revenue is derived from shipments to customers located outside of the U.S., primarily in the Asia/Pacific region. Approximately 38.6%, 45.8% and 43.4% of our net revenue for fiscal 2023, 2022, and 2021, respectively, was derived from shipments to customers headquartered in China.

We expect our future performance to depend on our ability to continue to compete in foreign markets, particularly in the Asia/Pacific region. Some of these economies have been highly volatile, resulting in significant fluctuation in local currencies, and political and economic instability. Some of these economies may also increase trade protectionism, thereby increasing barriers to entry, amplifying supply chain risks and adversely affecting the demand for our products. These conditions may continue or worsen, which may materially and adversely affect our business, financial condition and operating results.

We also rely on non-U.S. suppliers for materials and components used in our products, and substantially all of our manufacturing operations are located in countries other than the U.S. We manufacture our ball, wedge and APAMA™ bonders in Singapore, our Hybrid and Electronic Assembly solutions in the Netherlands, our dicing blades, capillaries and bonding wedges in China, our capillaries in Israel and China, and our advanced dispensing equipment in Taiwan. We also rely on independent foreign distribution channels for certain of our product lines. As a result, a major portion of our business is subject to the risks associated with international commerce, particularly Asia/Pacific region, such as:

- stringent and frequently changing trade compliance regulations;
- less protective foreign intellectual property laws, and the enforcement of patent and other intellectual property rights;
- longer payment cycles in foreign markets;
- foreign exchange restrictions and capital controls, monetary policies and regulatory requirements;
- restrictions or significant taxes on the repatriation of our assets, including cash;
- tariff and currency fluctuations;
- difficulties of staffing and managing dispersed international operations, including labor work stoppages and strikes in our factories or the factories of our suppliers;
- changes in our structure or tax incentive arrangements;
- possible disagreements with tax authorities;
- episodic events outside our control such as, for example, outbreaks of coronaviruses, influenza or other illnesses;
- natural disasters such as earthquakes, fires or floods, including as a result of climate change;
- war, risks and rumors of war and civil disturbances, including the Israel-Hamas war and the Ukraine/Russia conflict, or other events that may limit or disrupt manufacturing, markets and international trade;
- act of terrorism that impact our operations, customers or supply chain or that target U.S. interests or U.S. companies;
- seizure of our foreign assets, including cash;
- the imposition of sanctions of countries in which we do business;
- changing political conditions and rising geopolitical tensions; and
- legal systems which are less developed and may be less predictable than those in the U.S.

In addition, there is a potential risk of conflict and instability in the relationship between Taiwan and China which could disrupt the operations of our customers and/or suppliers in both Taiwan and China, our manufacturing operations in Taiwan and China, and our future plans in the region.

Our international operations also depend on favorable trade relations between the U.S. and those foreign countries in which our customers, subcontractors and materials suppliers have operations. A protectionist trade environment in either the U.S. or those foreign countries in which we do business, such as a change in the current tariff structures, export compliance or other trade policies, may materially and adversely affect our ability to sell our products in foreign markets.

Catastrophic events, such as pandemics and extreme weather events as a result of climate change, can have a material adverse effect on our operations and financial results.

Our operations and business, and those of our customers and suppliers, can be disrupted by natural disasters, public health issues, cybersecurity incidents, interruptions of service from utilities, or other catastrophic events including as a result of climate change. For example, we have at times experienced temporary disruptions in our manufacturing processes as a result of power outages. In addition, global climate change can result in natural disasters occurring more frequently, with greater intensity and with less predictability. For example, in September 2023, territories in the East Asian monsoon region, including Guangdong, Hong Kong, Fujian and Taiwan, experienced significant typhoons and storm surges, resulting in a temporary suspension of business and services. Such temporary suspension of business and services impacted some of the semiconductor factories and suppliers who operate there. The long-term effects of climate change on the global economy and the semiconductor industry in particular are unclear but could be severe, and could exacerbate the other risk factors described herein. Catastrophic events could make it difficult or impossible to manufacture or deliver products to our customers, receive materials from our suppliers, or perform critical functions, whether on a timely basis or at all, which could adversely affect our revenue and operations. Some of the systems we maintain as part of our business recovery plans cannot guarantee us protection from such disruptions. Furthermore, even if our operations are unaffected or if we managed to recover our operations quickly, if our customers or suppliers cannot timely resume their own operations due to a catastrophic event, we may be unable to fulfil our customers' orders, and may experience reduced or cancelled orders or other disruptions to our supply chain that may adversely affect our results of operations.

We are subject to export restrictions that may limit our ability to sell to certain customers, and trade wars, in particular the U.S.-China trade war, could adversely affect our business.

The U.S. and several other countries levy tariffs on certain goods and impose other trade restrictions that may impact our customers' investment in manufacturing equipment, reduce the competitiveness of our products, or inhibit our ability to sell products or purchase necessary equipment and supplies. In particular, trade tensions between the U.S. and China have been escalating since 2018, with U.S. tariffs on Chinese goods and retaliatory Chinese tariffs on U.S. goods. We cannot predict what further actions may ultimately be taken with respect to tariffs or trade relations between the U.S. and other countries, what products may be subject to such actions, or what actions may be taken by other countries in response. Further changes in trade policy, tariffs, additional taxes, restrictions on exports or other trade barriers, or restrictions on supplies, equipment, and raw materials, may limit our ability to produce products, increase our selling and/or manufacturing costs, reduce the competitiveness of our products, or inhibit our ability to sell products or purchase necessary equipment and supplies, which could have a material adverse effect on our business, results of operations, or financial condition.

Though nearly all of our manufacturing activities take place outside of the U.S., certain of our advanced packaging products are subject to the EAR because they are based on U.S. technology or contain more than a *de minimis* amount of controlled U.S. content. The EAR require licenses for, and sometimes prohibit, the export of certain products. The CCL sets forth the types of goods and services controlled by the EAR, including civilian science, technology, and engineering dual-use items. For products listed on the CCL, a license may be required as a condition to export depending on the end destination, end use or end user and any applicable license exceptions.

In 2020, the U.S. Department of Commerce Bureau of Industry and Security ("BIS") amended the EAR to expand controls on certain foreign products based on U.S. technology and sold to Huawei and certain other companies. In October 2022, the BIS amended the EAR again to extend those foreign controls to numerous companies on BIS' so-called Entity List. The 2020 and 2022 amendments impact some of our advanced packaging products, which are based on U.S. technology and are within the scope of the expanded EAR controls on Huawei and other Entity List companies. Therefore, these products cannot be sold to Huawei and other Entity List companies, and are subject to certain end-use restrictions. To date, these amendments to the EAR have not had a material direct impact on our business, financial condition or results of operations and we do not expect that they will, although they could have indirect impact, including increasing tensions in U.S. and Chinese trade relations, potentially leading to negative sentiments towards U.S.-based companies among Chinese consumers. Additionally, some end users may prefer to avoid the U.S. supply chain in its entirety to avoid the application of these regulations.

The rules promulgated by the BIS are typically complex, and the BIS could revise or expand them in response to public comments. Likewise, the BIS may issue guidance clarifying the scope of the rules. Such revisions, expansions or guidance could change the impact of the rules for our business.

Future changes in, and responses to, the various export regulations, tariffs, or other trade regulations between the U.S. and other countries may be unpredictable. Such further changes may limit our ability to produce products, increase our selling or manufacturing costs, decrease margins, reduce the competitiveness of our products and cause our sales to decline, and therefore could have a material adverse effect on our business, financial condition or results of operations.

Because a small number of customers account for most of our sales, our net revenue could decline if we lose a significant customer.

The semiconductor manufacturing industry is highly concentrated, with a relatively small number of large semiconductor manufacturers and their subcontract assemblers and vertically integrated manufacturers of electronic systems purchasing a substantial portion of our semiconductor assembly equipment and packaging materials. Sales to a relatively small number of customers have historically accounted for a significant percentage of our net revenue. There was no customer with sales representing more than 10% of net revenue in fiscal 2023. Sales to our ten largest customers comprised 53.5% and 49.1% of our net revenue for fiscal 2023 and fiscal 2022, respectively.

We expect that a small number of customers will continue to account for a high percentage of our net revenue for the foreseeable future. Thus, our business success depends on our ability to maintain strong relationships with our customers. Any one of a number of factors could adversely affect these relationships. If, for example, during periods of escalating demand for our equipment, we were unable to add inventory or increase our production capacity quickly enough to meet the needs of our customers, or if we are not able to fulfil our customers' orders due to supply chain constraints, they may turn to other suppliers making it more difficult for us to retain their business. We may also make commitments from time-to-time to our customers regarding minimum volumes and performance standards, and if we are unable to meet those commitments, we may incur liabilities to our customers. If we lose orders from a significant customer that we are not able to replace, or if a significant customer reduces its orders substantially, or if we incur liabilities for not meeting customer commitments, these losses, reductions or liabilities may materially and adversely affect our business, financial condition and operating results.

We maintain a backlog of customer orders that is subject to cancellation, reduction or delay in delivery schedules, which may result in lower than expected revenues.

We manufacture products primarily pursuant to purchase orders for current delivery or to forecast, rather than pursuant to long-term supply contracts. As a result, we must commit resources to the manufacture of products without binding purchase commitments from customers. The semiconductor industry is occasionally subject to double-booking and rapid changes in customer outlooks or unexpected build ups of inventory in the supply channel as a result of shifts in end market demand and macro-economic conditions. Accordingly, many of these purchase orders or forecasts may be revised or canceled without penalty. Even in cases where our standard terms and conditions of sale or other contractual arrangements do not permit a customer to cancel an order without penalty, we may from time to time accept cancellations to maintain customer relationships or because of industry practice, custom or other factors. The broad-based weakening in the global macroeconomic environment may result in lower than expected demand for our products, and our inability to sell products after we devote significant resources to them could have a material adverse effect on our levels of inventory, revenues and profitability.

Human Capital Risks

Our business depends on attracting and retaining management, sales and technical employees as well as on the succession of senior management.

Our future success depends on our ability to hire and retain qualified management, sales, finance, accounting and technical employees, including senior management. Experienced personnel with the relevant and necessary skill sets in our industry are in high demand and competition for their talents is intense, especially in Asia, where most of the Company's key personnel are located. If we are unable to continue to attract and retain the managerial, marketing, finance, accounting and technical personnel we require, our business, financial condition and operating results may be materially and adversely affected.

Effective succession planning is also important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving senior management could hinder our strategic planning and execution. From time to time, senior management or other key employees may leave our company, and the loss of any key employee could result in significant disruptions to our operations, including adversely affecting the timeliness of product releases, the successful implementation and completion of company initiatives, the effectiveness of our disclosure controls and procedures and our internal control over financial reporting, and the results of our operations. Changes in immigration policies may also impair our ability to recruit and hire technical and professional talent. In addition, hiring, training, and successfully integrating replacement critical personnel could be time consuming, may cause additional disruptions to our operations, and may be unsuccessful, which could negatively impact future revenues.

Product Risks

Alternative packaging technologies may render some of our products obsolete and materially and adversely affect our overall business and financial results.

Alternative packaging technologies have emerged that may improve device performance, reduce the size of or enhance the number of components inherent in an integrated circuit package, as compared to traditional wire bonding. These technologies include flip chip and wafer-level packaging. Some of these alternative technologies eliminate the need for wires to establish the electrical connection between a die and its package. The semiconductor industry may, in the future, shift a significant part of its volume into alternative packaging technologies which do not employ our products. If a significant shift to alternative packaging technologies or to another technology not offered by us were to occur, demand for our equipment and related packaging materials may be materially and adversely affected. Given that a majority of our revenue comes from wire bonding, a reduced demand for our wire bonding equipment could materially and adversely affect our financial results.

We may send products and equipment to customers or potential customers for trial, evaluation or other purposes which may result in retrofit charges, impairments or write-down of inventory value if the products and equipment are not subsequently purchased by the customers.

From time to time we send certain products and equipment to customers or potential customers for testing, evaluation or other purposes in advance of receiving any confirmation of purchase or purchase orders. Such equipment may be at the customer location for an extended period of time per the agreements with these customers and potential customers. The customer or potential customer may refuse to buy all or partial quantities of such product or equipment and return this back to us. As a result, we may incur charges to retrofit the machines or sell the machines as second hand at a lower price, and accordingly may have to record impairments on the returned inventory, all of which would adversely affect our operating results.

Undetected problems in our products could directly impair our financial results.

If errata (deviations from product specifications) or flaws in design, production, assembly or testing of our products (by us or our suppliers) were to occur, we could experience a rate of failure in our products that would result in materially adverse consequences, including:

- incurring warranty expenses;
- writing off the value of inventory;
- disposing of products that cannot be fixed;
- retrofitting products that have been shipped;
- providing product replacements or modifications; and
- defending against litigation.

Continued improvement in manufacturing capabilities, control of material and manufacturing quality and costs and product testing are critical factors in our future growth. Our efforts to monitor, develop, modify and implement appropriate tests and manufacturing processes for our products may not be sufficient to permit us to avoid a rate of failure in our products that results in substantial delays in shipment, significant repair or replacement costs, potential damage to our reputation or general customer dissatisfaction with our products. We may also not be able to successfully claim against our suppliers or obtain product liability or other insurance to fully cover such risks. Any of the foregoing risks, if they were to materialize, could have a material adverse effect on our business, results of operations or financial condition.

Operations and Supply Chain Risks

We may not be able to continue to consolidate manufacturing and other facilities or entities without incurring unanticipated costs and disruptions to our business.

As part of our ongoing efforts to drive further efficiency, we may consolidate our manufacturing and other facilities or entities. Should we consolidate, we may experience unanticipated events, including the actions of governments, suppliers, employees or customers, which may result in unanticipated costs and disruptions to our business. We may also incur restructuring charges, severance costs, asset impairments, loss of accumulated knowledge, inefficiency during transitional periods, employee attrition and other effects that could negatively impact our financial condition and results of operations.

We may be materially and adversely affected by environmental and safety laws and regulations, including laws and regulations implemented in response to climate change.

We are subject to various federal, state, local and foreign laws and regulations governing, among other things, the generation, storage, use, emission, discharge, transportation and disposal of hazardous material, investigation and remediation of contaminated sites and the health and safety of our employees. Public attention continues to focus on the environmental impact of manufacturing operations and the risk to neighbors of waste and chemical releases from such operations.

Proper waste disposal plays an important role in the operation of our manufacturing plants. In many of our facilities we maintain wastewater treatment systems that remove metals and other contaminants from process wastewater. These facilities operate under permits that must be renewed periodically. A violation of those permits may lead to revocation of the permits, fines, penalties or the incurrence of capital or other costs to comply with the permits, including the potential shutdown of operations.

Compliance with existing or future land use, environmental, climate-related and health and safety laws and regulations may: (1) result in significant costs to us for additional capital equipment or other process requirements; (2) restrict our ability to expand our operations; and/or (3) cause us to curtail our operations. We also could incur significant costs, including cleanup costs, fines or other sanctions and third-party claims for property damage or personal injury, as a result of violations of or liabilities under such laws and regulations.

Increasingly, various agencies and governmental bodies have expressed interest in promulgating rules relating to climate change. For example, in March 2022, the SEC published a proposed rule that would require companies to provide significantly expanded climate-related disclosures in their Form 10-K, which may require us to incur significant additional costs to comply and impose increased oversight obligations on our management and Board of Directors. The cost of complying, or of failing to comply, with these and other regulatory requirements or contractual obligations could adversely affect our operating results, financial condition and ability to conduct our business.

To the extent that higher costs result in higher prices for our products, we may experience a reduction in the demand for those products, which could negatively affect our results of operations. Conversely, we may not be able to pass these increased costs onto our customers in the form of higher prices, as a result of which our results of operations may also be adversely affected.

We may acquire or divest businesses or enter into joint ventures or strategic alliances, which may materially affect our business, financial condition and operating results.

We continually evaluate our portfolio of businesses and may decide to buy or sell businesses or enter into joint ventures or other strategic alliances. We may not find suitable acquisition candidates, we may not be able to close such acquisitions, and the acquisitions we complete may not be successful. We may be unable to successfully integrate acquired businesses with our existing businesses and successfully implement, improve and expand our systems, procedures and controls to accommodate these acquisitions. If we are not able to successfully integrate any acquired businesses with ours, the anticipated benefits of the acquisitions may not be realized fully or may take longer than expected to be realized. We may also incur higher than expected costs as a result of any acquisitions or experience an overall post-completion process that takes longer than originally anticipated.

These transactions place additional demands on our management, our various functional teams and our current labor force. The combination of businesses may result in the loss of key personnel or an interruption of, or loss of momentum in, our existing businesses and/or the acquired business. In addition, we may need to divest existing businesses, which would cause a decline in revenue or profitability and may make our financial results more volatile. If we fail to integrate and manage acquired businesses successfully or to mitigate the risks associated with divestitures, joint ventures or other alliances, or if the time and costs associated with integration exceeds our expectations, or if our acquired business were to perform poorly, our business, financial condition and operating results may be materially and adversely affected.

Increasing attention to ESG matters, including any targets or other ESG initiatives, could result in additional costs or risks or adversely impact our business

Certain investors, shareholder advocacy groups, other market participants, customers and other stakeholder groups have focused increasingly on companies' environmental, social and governance ("ESG") initiatives, including those concerning climate change, greenhouse gas emissions, human rights, diversity and inclusion, and shareholder proxy access. This may result in increased costs, enhanced compliance or disclosure obligations and related costs, or other adverse impacts on our business, financial condition or results of operations.

From time to time, we create and publish voluntary disclosures regarding ESG matters. Our sustainability report, currently in its seventh edition and available on our website, continues to outline our Company's strategies, initiatives and performance of ESG topics identified through a materiality assessment to be most relevant to the operations and stakeholders of our Company. The identification, assessment, and disclosure of such matters is complex. Many of the statements in such voluntary disclosures are based on our expectations and assumptions, which may require substantial discretion and forecasts about costs and future circumstances.

Additionally, ESG matters continue to evolve rapidly. Organizations that provide information to investors on ESG matters may develop more discrete rating matrices, benchmarks and processes on evaluating companies on their ESG approach. This may create opportunities for misalignment or perceived failure resulting in unfavorable ESG ratings. This could foster negative investor sentiment toward us, our customers, or our industry, which could negatively impact our business and operations. To the extent ESG matters negatively impact our reputation, it may also impede our ability to compete as effectively to recruit or retain employees, which may adversely affect our operations.

Intellectual Property Risks

Our success depends in part on our intellectual property, which we may be unable to protect.

Our success depends in part on our proprietary technology. To protect this technology, we rely principally on contractual restrictions (such as nondisclosure and confidentiality provisions) in our agreements with employees, subcontractors, vendors, consultants and customers and on the common law of trade secrets and proprietary "know-how". We also rely, in some cases, on patent and copyright protection, although this protection may in some cases be insufficient due to the rapid development of technology in our industry. We may not be successful in protecting our technology for a number of reasons, including the following:

- employees, subcontractors, vendors, consultants and customers may violate their contractual agreements or post-employment non-competition obligations, and the cost of enforcing those agreements may be prohibitive, or those agreements may be unenforceable or more limited than we anticipate;
- foreign intellectual property laws may not adequately protect our intellectual property rights;
- our patent and copyright claims may not be sufficiently broad to effectively protect our technology; our patents or copyrights may be challenged, invalidated or circumvented; or we may otherwise be unable to obtain adequate protection for our technology; and
- when our patents expire, or if they are invalidated, narrowed or circumvented, our competitors may be able to utilize the inventions protected by our patents.

Also, competitors may copy or misappropriate our trade secrets, products or designs either through lawful means of reverse engineering or through independent development. We remain vigilant and take note of similar products and solutions offered by our competitors and, based on reasonable efforts, investigate whether any of our competitors' products or solutions is the outcome of unlawful reverse engineering. For example, we are currently investigating a potential unlawful reverse engineering incident and, where necessary, plan to pursue appropriate legal action against parties that may be involved in such unlawful reverse engineering.

Competitors or third parties (including ex-employees violating their surviving contractual obligations with us) may also copy or reverse engineer aspects of our products or solutions through unlawful means, or illegally use information that we regard as proprietary. While we conduct active surveillance and monitor potential threats surrounding any unauthorized use from competitors or third parties, we may not be able to detect misuse of our proprietary information before it occurs. For example, as a result of our active surveillance, we have learned that certain ex-employees in China, who had access to materials containing proprietary information and trade secrets about our products and designs, may have provided them to their current employer that is our direct competitor. We continue to fully investigate this matter and, if appropriate, pursue litigation against all parties that may be involved to protect our confidential information and trade secrets.

Despite our best efforts in active surveillance and monitoring, such policing may be difficult, time-consuming, non-definitive and non-exhaustive, and we cannot be certain that the steps we have taken will prevent misappropriation of our intellectual property.

Additionally, laws of foreign countries may not provide us with adequate remedy against unauthorized use of our intellectual property, or we may be unable to prove unauthorized use as prescribed by such foreign laws. In either case, if the protection of our intellectual property proves to be inadequate or unenforceable, others may be able to use our proprietary developments without compensation or appropriate remediation to us, resulting in potential cost advantages to our competitors and consequentially eroding our market share.

Furthermore, our partners and alliances may have rights to technology developed by us. We may incur significant expense to protect or enforce our intellectual property rights. If we are unable to protect our intellectual property rights, our competitive position may be weakened.

Third parties may claim we are infringing on their intellectual property, which could cause us to incur significant litigation costs or other expenses, or prevent us from selling some of our products.

The semiconductor industry is characterized by rapid technological change, with frequent introductions of new products and technologies. Industry participants often develop products and features similar to those introduced by others, creating a risk that their products and processes may give rise to claims they infringe on the intellectual property of others. We may unknowingly infringe on the intellectual property rights of others and incur significant liability for that infringement. If we are found to have infringed on the intellectual property rights of others, we could be enjoined from continuing to manufacture, market or use the affected product, or be required to obtain a license to continue manufacturing or using the affected product. A license could be very expensive to obtain or may not be available at all. Similarly, changing or re-engineering our products or processes to avoid infringing the rights of others may be costly, impractical or time consuming.

Occasionally, third parties assert that we are, or may be, infringing on or misappropriating their intellectual property rights. Some of these assertions may not be legitimate. In these cases, we defend or in some instances dispel, and will continue to defend or dispel, against claims or negotiate licenses where we consider these actions appropriate. Intellectual property cases are uncertain, time-consuming and involve complex legal and factual questions. If we become involved in this type of litigation, it could consume significant resources and divert our attention from our business.

Information Technology and Enterprise System Risks

We may be subject to disruptions or failures in our information technology systems and network infrastructures that could have a material adverse effect on us.

We maintain and rely extensively on information technology systems and network infrastructures for the effective operation of our business. We also hold large amounts of data in data center facilities around the world, primarily in Singapore and the U.S., on which our business depends. A disruption, infiltration or failure of our information technology systems owned or used by us or any of our data centers as a result of software or hardware malfunctions, computer viruses, cyber-attacks, employee theft or misuse, power disruptions, natural disasters or accidents could cause breaches of data security and loss of critical data, which in turn could materially adversely affect our business. Our security procedures, such as virus protection software, data loss protection and our business continuity planning, such as our disaster recovery policies and back-up systems, may not be adequate or implemented properly to fully address the adverse effect of such events, which could adversely impact our operations.

In addition, our business could be adversely affected to the extent we do not make the appropriate level of investment in our technology systems as our technology systems become out-of-date or obsolete and are not able to deliver the type of data integrity and reporting we need to run our business. Furthermore, when we implement new systems and/or upgrade existing systems, we could be faced with temporary or prolonged disruptions that could adversely affect our business. For example, artificial intelligence (“AI”) may be used to generate cyberattacks with greater scale and efficacy than the traditional threat actors. In other instances, a cybersecurity threat could be introduced as the result of our business partners incorporating the output of an AI tool that includes a threat, such as introducing malicious code by incorporating an AI generated source code.

We have experienced, and expect to continue to be subject to, cybersecurity threats and incidents, ranging from employee error or misuse, to individual attempts to gain unauthorized access to information systems, to sophisticated and targeted measures known as advanced persistent threats, none of which have been material to the Company to date. We devote significant resources to network security and other measures to protect our systems and data from unauthorized access or misuse. However, depending on its nature and scope, cybersecurity incidents could result in business disruption; misappropriation, corruption or loss of confidential information and critical data (of the Company or that belonging to its third parties); reputational damage; litigation with third parties; diminution in the value of our investment in research, development and engineering; data privacy issues; and increased cybersecurity protection and remediation costs.

We also try to protect the confidential nature of our proprietary information by using commonly accepted information technology systems and network security measures. Such measures may not provide adequate protection for our proprietary information. For example, our internal procedures may not prevent an existing or former employee or consultant from misappropriating our trade secrets and providing them to a competitor, and recourse we take against such misconduct may not provide an adequate remedy to fully protect our interests.

While we maintain insurance policies that may cover certain liabilities in connection with a cybersecurity incident, we cannot be certain that our insurance coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim.

We are implementing a new enterprise resource planning system. Our failure to implement it successfully, on time and on budget could have a material adverse effect on us.

In 2020 we began implementing a new enterprise resource planning (“ERP”) system, and will continue to implement the new system in phases across our various entities over the next two years. ERP implementations are complex, time-consuming, labor intensive, and involve substantial expenditures on system software and implementation activities. The ERP system is critical to our ability to provide important information to our management, obtain and deliver products, provide services and customer support, send invoices and track payments, fulfill contractual obligations, accurately maintain books and records, provide accurate, timely and reliable reports on our financial and operating results, and otherwise operate our business. ERP implementations also require transformation of business and financial processes in order to reap the benefits of the ERP system. Any such implementation involves risks inherent in the conversion to a new computer system, including loss of information and potential disruption to our normal operations. The implementation and maintenance of the new ERP system has required, and will continue to require, the investment of significant financial and human resources and the implementation may be subject to delays and cost overruns. In addition, we may not be able to successfully complete the implementation of the new ERP system without experiencing difficulties.

Any disruptions, delays or deficiencies in the design and implementation or the ongoing maintenance of the new ERP system could adversely affect our ability to process orders, ship products, provide services and customer support, send invoices and track payments, fulfill contractual obligations, accurately maintain books and records, provide accurate, timely and reliable reports on our financial and operating results, including reports required by the SEC such as the evaluation of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, and otherwise operate our business. Additionally, if we do not effectively implement the ERP system as planned or the system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to assess it adequately could be delayed.

Currency and Tax Risks

We are exposed to fluctuations in currency exchange rates that could negatively impact our financial results and cash flows.

Because most of our foreign sales are denominated in U.S. dollar, an increase in value of the U.S. dollar against foreign currencies will make our products more expensive than those offered by some of our foreign competitors. In addition, a weakening of the U.S. dollar against other currencies could make our costs in certain non-U.S. locations more expensive to fund. Our ability to compete overseas may therefore be materially and adversely affected by the fluctuations of the U.S. dollar against other currencies.

Because nearly all of our business is conducted outside the U.S., we face exposure to adverse movements in foreign currency exchange rates which could have a material adverse impact on our financial results and cash flows. Historically, our primary exposures have related to net working capital exposures denominated in currencies other than the foreign subsidiaries' functional currency, and remeasurement of our foreign subsidiaries' net monetary assets from the subsidiaries' local currency into the subsidiaries' functional currency. In general, an increase in the value of the U.S. dollar could require certain of our foreign subsidiaries to record translation and remeasurement gains. Conversely, a decrease in the value of the U.S. dollar could require certain of our foreign subsidiaries to record losses on translation and remeasurement. An increase in the value of the U.S. dollar could increase the cost to our customers of our products in those markets outside the U.S. where we sell in U.S. dollars, and a weakened U.S. dollar could increase the cost of local operating expenses and procurement of raw materials, both of which could have an adverse effect on our cash flows. Our primary exposures include the Singapore Dollar, Chinese Yuan, Japanese Yen, Swiss Franc, Philippine Peso, Thai Baht, Taiwan Dollar, South Korean Won, Israeli Shekel, Malaysian Ringgit and Euro. Although we have entered into foreign exchange forward contracts from time to time to hedge our operating expenses against certain foreign currency exposure, 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 flows.

Changes to our existing tax incentive in Singapore may materially reduce our reported results of operations in future periods.

Our existing tax incentive, scheduled to expire in our fiscal 2025, allows certain classes of income to be subject to reduced income tax rates in Singapore provided we meet certain employment and investment conditions. If we cannot, or elect not to, comply with these conditions, we could be required to refund material tax benefits previously realized with respect to this tax incentive. Subsequent renewals are at the discretion of the Singapore government and we may not be able to extend the tax incentive arrangement beyond its expiration date or we may also elect not to renew this tax incentive arrangement. In the absence of the tax incentive, the income tax rate in Singapore that would otherwise apply is 17%, which would result in a significant increase in our provision for (benefit from) income taxes in future periods.

Changes in tax legislation could adversely impact our future profitability.

We are subject to income taxes in the U.S. and many foreign jurisdictions. Tax laws and regulations are continuously evolving with corporate tax reform, base-erosion efforts, global minimum tax, and increased transparency continuing to be high priorities in many tax jurisdictions in which we operate. Although the timing and methods of implementation may vary, many countries, including those in the Asia/Pacific region in which we have significant operations, have implemented, or are in the process of implementing, legislation or practices inspired by the base erosion and profit shifting project undertaken by the Organization for Economic Co-operation and Development ("OECD"). In December 2021, the OECD issued its guidance on the Global Anti-Base Erosion ("GloBE") rules with the purpose of ensuring multinational companies pay a minimum level tax on the income generated in each of the jurisdictions where they operate in. In December 2022, the European Council attained a consensus on Pillar Two of the GloBE rules to implement the 15% global minimum tax, and many EU and G20 countries have specified their plan to adhere to the OECD guidelines as early as fiscal 2025 which may materially impact our income tax expense. Further, the increased scrutiny on international tax and continuous changes to countries' tax legislation may also affect the policies and decisions of tax authorities with respect to certain income tax and transfer pricing positions taken by the Company in prior or future periods. We continue to monitor new tax legislation or other developments since significant changes in tax legislation, or in the interpretation of existing legislation, could materially and adversely affect our financial condition and operating results.

Other changes in taxation could materially impact our future effective tax rate.

Additionally, our future effective tax rate could be affected by numerous other factors including higher or lower than anticipated foreign earnings in various jurisdictions where we are subjected to tax rates that differ from the U.S. federal statutory tax rate, by changes in the valuation allowances recorded against certain deferred tax balances, or by changes in accounting principles and reporting requirements, or including the interpretations and application of such accounting principles and reporting requirements. Changes in our assertion for foreign earnings, whether permanently or non-permanently reinvested, as a result of changes in facts and circumstances or challenges by tax authorities to our historic or future tax positions and transfer pricing policies, could also significantly adversely impact our future effective tax rate.

Risks Related to Our Shares and Corporate Law

We have the ability to issue additional equity securities, which would lead to dilution of our issued and outstanding common stock.

We may from time to time issue additional equity securities or securities convertible into equity securities, which would result in dilution of our existing shareholders' equity interests in us. Our board of directors has the authority to issue, without vote or action of shareholders, preferred shares in one or more series, and has the ability to fix the rights, preferences, privileges and restrictions of any such series. Any such series of preferred shares could contain dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences or other rights superior to the rights of holders of our common stock. In addition, we are authorized to issue, without shareholder approval, up to an aggregate of 200 million common stock, of which approximately 56.3 million shares were outstanding as of September 30, 2023. We are also authorized to issue, without shareholder approval (except as required by the rules of the Nasdaq stock market), securities convertible into either common stock or preferred stock. We may issue such shares in connection with financing transactions, joint ventures, mergers and acquisitions or other purposes. In addition, our shareholders will experience additional dilution when performance or restricted share units vest and settle, when we issue equity awards to our employees under our equity incentive plans, or when we otherwise issue additional equity.

Anti-takeover provisions in our articles of incorporation and bylaws and under Pennsylvania law may discourage other companies from attempting to acquire us.

Some provisions of our articles of incorporation and bylaws as well as Pennsylvania law may discourage some transactions where we would otherwise experience a fundamental change. For example, our articles of incorporation and bylaws contain provisions that:

- classify our board of directors into four classes, with one class being elected each year;
- permit our board to issue "blank check" preferred shares without shareholder approval; and
- prohibit us from engaging in some types of business combinations with a holder of 20% or more of our voting securities without super-majority board or shareholder approval.

Further, under the Pennsylvania Business Corporation Law, because our shareholders approved bylaw provisions that provide for a classified board of directors, shareholders may remove directors only for cause. These provisions and some other provisions of the Pennsylvania Business Corporation Law could delay, defer or prevent us from experiencing a fundamental change and may adversely affect our common shareholders' voting and other rights.

If our internal controls over financial reporting or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in the trading price of our common stock.

As a public company, we are required to maintain internal control over financial reporting and disclosure controls and procedures. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on our internal control over financial reporting. As described in “Part II, Item 9A — Controls and Procedures” of this Annual Report, we previously identified a material weakness in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company’s annual or interim financial statements will not be prevented or detected on a timely basis. Management has concluded that this material weakness was remediated as of September 30, 2023. However, one or more material weaknesses may be identified in the future during the evaluation and testing process of our internal controls in future years. If we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to certify that our internal control over financial reporting is effective, our consolidated financial statements may contain material misstatements and we could be required to revise or restate our financial results. This could materially and adversely affect our business, results of operations and financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the material weakness, subject us to fines, penalties or judgments, harm our reputation, adversely affect the trading price of our common stock, or otherwise cause a decline in investor confidence.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

The following table reflects our major facilities as of September 30, 2023:

Country	Facility (1)	Approximate Size	Function	Reportable Segment
Singapore	Serangoon	251,000 sq. ft.	Corporate headquarters, manufacturing, technology, sales and service center	Ball Bonding Equipment Wedge Bonding Equipment Advanced Solutions
	Kranji	148,000 sq. ft.	Manufacturing center	Advanced Solutions
China	Suzhou	155,000 sq. ft.	Manufacturing, technology and shared support services center	APS
The Netherlands	Eindhoven	116,000 sq. ft.	Manufacturing, technology, sales and service center	All Others
United States	Fort Washington, Pennsylvania	88,000 sq. ft.	Corporate headquarters, technology, sales and service center	Ball Bonding Equipment Advanced Solutions
	Santa Ana, California	65,000 sq. ft.	Technology, sales and service center	Wedge Bonding Equipment
	Horsham, Pennsylvania	28,000 sq. ft.	Technology center	Advanced Solutions
Israel	Haifa	31,000 sq. ft.	Manufacturing and technology center	APS
Taiwan	Taipei	20,000 sq. ft.	Manufacturing and technology center	All Others

(1) Each of the facilities listed in this table is leased other than the facilities in Suzhou, China and Fort Washington, Pennsylvania.

In addition, the Company rents space for sales support, customer support, services and administrative functions in China, Germany, Japan, Malaysia, South Korea, Switzerland, Taiwan, Thailand, Vietnam and the Philippines. The Company believes the facilities are generally in good condition and suitable to the extent of utilization needed.

Item 3. LEGAL PROCEEDINGS

From time to time, we may be a plaintiff or defendant in legal proceedings and claims 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 materially or adversely affect our business, financial condition or operating results.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common stock is traded on The Nasdaq Global Market ("Nasdaq") under the symbol "KLIC." On November 13, 2023, there were approximately 145 holders of record of the shares of outstanding common stock.

On August 23, 2023, June 8, 2023, March 2, 2023 and November 16, 2022, the Board of Directors declared a quarterly dividend \$0.19 per share of common stock. During the fiscal year ended September 30, 2023, the Company declared dividends of \$0.76 per share of common stock. The declaration of any future cash dividend is at the discretion of the Board of Directors, subject to applicable laws, 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 stockholders.

For the purpose of calculating the aggregate market value of shares of our common stock held by non-affiliates, as shown on the cover page of this report, we have assumed all of our outstanding shares were held by non-affiliates except for shares held by our directors and executive officers. However, this does not necessarily mean that all directors and executive officers of the Company are, in fact, affiliates of the Company, or there are no other persons who may be deemed to be affiliates of the Company. Further information concerning the beneficial ownership of our executive officers, directors and principal shareholders will be included in our Proxy Statement for the 2024 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission.

Recent Sales of Unregistered Securities and Use of Proceeds

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes the repurchases of common stock during the three months ended September 30, 2023 (in thousands, except 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⁾
July 2, 2023 to July 29, 2023	16	\$ 57.45	16	\$ 189,313
July 30, 2023 to September 2, 2023	48	\$ 52.08	48	\$ 186,811
September 3, 2023 to September 30, 2023	119	\$ 48.39	119	\$ 181,042
For the three months ended September 30, 2023	183		183	

(1) On August 15, 2017, the Company's Board of Directors authorized a program (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 purchase shares of its common stock through open market and privately negotiated transactions at prices deemed appropriate by management. On May 7, 2022, the Company entered into a written trading plan under Rule 10b5-1 of the Exchange Act to facilitate repurchases under the Program. This trading plan was most recently modified on May 29, 2023. 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. The timing and amount of repurchase transactions under the Program depend on market conditions as well as corporate and regulatory considerations.

Item 6. [Reserved]

Not applicable.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section of this Form 10-K generally discusses fiscal 2023 and 2022 items and year-to-year comparisons between fiscal 2023 and 2022. Discussions of fiscal 2021 items and year-to-year comparisons between fiscal 2022 and 2021 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the 2022 Annual Report filed on November 17, 2022, and amended on August 8, 2023 (the "2022 Annual Report").

Our Management's Discussion and Analysis ("MD&A") is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. The MD&A is organized as follows:

- Overview: Introduction of our operations, key events, business environment, technology leadership, products and services
- Critical Accounting Policies and Estimates
- Recent Accounting Pronouncements
- Results of Operations
- Liquidity and Capital Resources
- Other Obligations and Contingent Payments

Overview

For an overview of our business, please see "Part I, Item 1 — Business".

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements requires us 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 financial statements. On an ongoing basis, we evaluate estimates, including, but not limited to, those related to accounts receivable, reserves for excess and obsolete inventory, carrying value and lives of fixed assets, goodwill and intangible assets, income taxes, equity-based compensation expense and warranties. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable. As a result, we make judgments regarding the carrying values of our 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, we evaluate these estimates. Actual results may differ from these estimates.

We believe the following critical accounting policies, which have been reviewed with the Audit Committee of our Board of Directors, reflect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

In accordance with ASC No. 606, *Revenue from Contracts with Customers*, 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.

The Company recognizes revenue from sales of our products, including sales to our distributors, at a point in time, generally upon shipment or delivery to the customer or distributor, depending upon the terms of the sales order. Control is considered transferred when title and risk of loss pass, when the customer becomes obligated to pay and, where applicable, when the customer has accepted the products or upon expiration of the acceptance period. For sales to distributors, payment is due on our standard commercial terms and is not contingent upon resale of the products.

Our business is subject to contingencies related to customer orders, including:

- *Right of Return*: A large portion of our revenue comes from the sale of equipment used in the semiconductor assembly process. Other product sales relate to consumable products, which are sold in high-volume quantities, and are generally maintained at low stock levels at the customer's facility. Customer returns have historically represented a very small percentage of customer sales on an annual basis.

- **Warranties:** Our equipment is generally shipped with a one-year warranty against manufacturing defects. We establish 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 expenses, including product parts replacement, freight charges and labor costs expected to be incurred to correct product failures during the warranty period.
- **Conditions of Acceptance:** Sales of our consumable products generally do not have customer acceptance terms. In certain cases, sales of our equipment have customer acceptance clauses which may require the equipment to perform in accordance with customer specifications or when installed at the customer's facility. In such cases, if the terms of acceptance are satisfied at our facility prior to shipment, the revenue for the equipment will be recognized upon shipment. If the terms of acceptance are satisfied at our customers' facilities, the revenue for the equipment will not be recognized until acceptance, which is typically obtained after installation and testing, is received from the customer.

Service revenue is generally recognized over time as the services are performed.

The Company measures revenue based on the amount of consideration we expect to be entitled to in exchange for products or services. Any variable consideration such as sales incentives are recognized as a reduction of net revenue at the time of revenue recognition.

The length of time between invoicing and payment is not significant under our payment terms. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts generally do not include a significant financing component. Shipping and handling costs billed to customers are recognized in net revenue.

Shipping and handling costs paid by the Company are included in cost of sales.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from our customers' failure to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. We are subject to concentrations of customers and sales to a few geographic locations, which could also impact the collectability of certain receivables. If global or regional economic conditions deteriorate or political conditions were to change in some of the countries where we do business, it could have a significant impact on our results of operations, and our ability to realize the full value of our accounts receivable.

Inventories

Inventories are stated at the lower of cost (on a first-in, first-out basis) or net realizable value. We generally provide reserves for obsolete inventory and for inventory considered to be in excess of demand. Demand is generally defined as 18 months forecasted future consumption for equipment, 24 months forecasted future consumption for spare parts, and 12 months forecasted future consumption for tools. Forecasted consumption is based upon internal projections, historical sales volumes, customer order activity and a review of consumable inventory levels at customers' facilities. We communicate forecasts of our future consumption to our suppliers and adjust commitments to those suppliers accordingly. If required, we reserve the difference between the carrying value of our inventory and the lower of cost or net realizable value, based upon projections about future consumption, and market conditions. If actual market conditions are less favorable than projections, additional inventory reserves may be required.

Inventory reserve provision for certain subsidiaries is determined based on management's estimate of future consumption for equipment and spare parts. This estimate is based on historical sales volumes, internal projections and market developments and trends.

Accounting for Impairment of Goodwill

ASC No. 350, *Intangibles-Goodwill and Other* requires goodwill and other intangible assets with indefinite lives to be reviewed for impairment annually, or more frequently if circumstances indicate a possible impairment. We assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, after assessing the qualitative factors, a company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, then performing the impairment test is unnecessary. However, if a company concludes otherwise, then it is required to perform the goodwill impairment test. The Company's impairment test is performed by comparing the fair value of a reporting unit with its carrying value, and determining if the carrying amount exceeds its fair value.

As part of the annual evaluation, the Company performs an impairment test of its goodwill in the fourth quarter of each fiscal year to coincide with the completion of its annual forecasting and refreshing of its business outlook processes. On an ongoing basis, the Company monitors if a “triggering” event has occurred that may have the effect of reducing the fair value of a reporting unit below its respective carrying value. 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 charge in the future.

Impairment assessments inherently involve judgment as to the assumptions made about the expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact the assumptions as to prices, costs, growth rates or other factors that may result in changes in the estimates of future cash flows. Although the Company believes the assumptions that it has used in testing for impairment are reasonable, significant changes in any one of the assumptions could produce a significantly different result. Indicators of potential impairment, including significant and unforeseen customer losses, a significant adverse change in legal factors or in the business climate, a significant adverse action or assessment by a regulator, a significant stock price decline or unanticipated competition, may lead the Company to perform interim goodwill impairment assessments.

For further information on goodwill and other intangible assets, see Note 4 to our consolidated financial statements in Item 8.

Income Taxes

In accordance with ASC No. 740, *Income Taxes*, deferred income taxes are determined using the balance sheet method. The Company records a valuation allowance to reduce its deferred tax assets to the amount expected, on a more likely than not basis, to be realized. While the Company has considered future taxable income and ongoing tax planning strategies in assessing the need for the valuation allowance, if it were to determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to deferred tax assets would increase income in the period when such determination is made. Likewise, should the Company determine that it would not be able to realize all or part of its deferred tax assets in the future, an adjustment to deferred tax assets would decrease income in the period when such determination is made.

The Company determines the amount of unrecognized tax benefit with respect to uncertain tax positions taken or expected to be taken on its income tax returns in accordance with ASC No. 740 Topic 10, *Income Taxes, General* (“ASC 740.10”). Under ASC 740.10, the Company utilizes a two-step approach for evaluating uncertain tax positions. Step one, or recognition, requires a company to determine if the weight of available evidence indicates a tax position is more likely than not to be sustained upon examination solely based on its technical merit. Step two, or measurement, is based on the largest amount of benefit, which is more likely than not to be realized on settlement with the taxing authority, including resolution of related appeals or litigation processes, if any.

Equity-Based Compensation

The Company accounts for equity-based compensation under the provisions of ASC No. 718, *Compensation - Stock Compensation* (“ASC 718”). ASC 718 requires the recognition of the fair value of the equity-based compensation in net income. Compensation expense associated with Relative TSR Performance Share Units is determined using a Monte-Carlo valuation model, and compensation expense associated with time-based and Growth Performance Share Units is determined based on the number of shares granted and the fair value on the date of grant. See Note 11 to our consolidated financial statements in Item 8 for a summary of the terms of these performance-based awards. The fair value of equity-based awards is amortized over the vesting period of the award and the Company elected to use the straight-line method for awards granted after the adoption of ASC 718.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 1 to our consolidated financial statements in Item 8 for a description of certain recent accounting pronouncements, including the expected dates of adoption and effects on our consolidated results of operations and financial condition.

RESULTS OF OPERATIONS
Results of Operations for fiscal 2023 and 2022

The following table reflects the income from operations for fiscal 2023 and 2022:

<i>(dollar amounts in thousands)</i>	Fiscal		\$ Change	% Change
	2023	2022		
Net revenue	\$ 742,491	\$ 1,503,620	\$ (761,129)	(50.6)%
Cost of sales	383,836	755,300	(371,464)	(49.2)%
Gross profit	358,655	748,320	(389,665)	(52.1)%
Selling, general and administrative	152,982	140,050	12,932	9.2 %
Research and development	144,701	136,852	7,849	5.7 %
Impairment charges	21,535	1,346	20,189	1,499.9 %
Operating expenses	319,218	278,248	40,970	14.7 %
Income from operations	\$ 39,437	\$ 470,072	\$ (430,635)	(91.6)%

Bookings and Backlog

Our backlog consists of customer orders scheduled for shipment within the next twelve months. A booking is recorded when a customer order is reviewed and it is determined that all specifications can be met, production (or service) can be scheduled, a delivery date can be set, and the customer meets our credit requirements. We use bookings to evaluate the results of our operations, generate future operating plans and assess the performance of our Company. While we believe that this measure is useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for revenue recognized in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate bookings differently or not at all, which reduces its usefulness as a comparative measure. Reconciliation of bookings to net revenue is not practicable. A majority of our orders are subject to cancellation or deferral by our customers with limited or no penalties. Also, customer demand for our products can vary dramatically without prior notice. Because of the volatility of customer demand, possibility of customer changes in delivery schedules or cancellations and potential delays in product shipments, our backlog as of any particular date may not be indicative of net revenue for any succeeding period.

The following tables reflect the bookings and backlog for fiscal 2023 and 2022:

<i>(in thousands)</i>	Fiscal	
	2023	2022
Bookings	\$ 656,170	\$ 1,226,524

<i>(in thousands)</i>	As of	
	September 30, 2023	October 1, 2022
Backlog	\$ 423,824	\$ 510,145

The semiconductor industry is volatile and our operating results are adversely impacted by volatile worldwide economic conditions. Though the semiconductor industry's cycle can be independent of the general economy, global economic conditions may have a direct impact on demand for semiconductor units and ultimately demand for semiconductor capital equipment and expendable tools. Accordingly, our business and financial performance is impacted, both positively and negatively, by fluctuations in the macroeconomic environment. Our visibility into future demand is generally limited and forecasting is difficult. There can be no assurances regarding levels of demand for our products and we believe historical industry-wide volatility will persist.

The U.S. and several other countries have levied tariffs on certain goods. In particular, trade tensions between the U.S. and China have been escalating since 2018, with U.S. tariffs on Chinese goods and retaliatory Chinese tariffs on U.S. goods. These have resulted in uncertainties in the semiconductor, LED, memory and automotive markets. While the Company anticipates long-term growth in semiconductor consumption, we observed trade-related adverse impacts in demand from China, which continues to persist in fiscal 2023 and beyond.

Net Revenue

Our net revenues for fiscal 2023 decreased as compared to our net revenues for fiscal 2022. The decrease in net revenue is primarily due to lower volume in Ball Bonding Equipment, Wedge Bonding Equipment, Advanced Solutions, APS and All Others, as further outlined in the tables presented immediately below.

The following table reflects the net revenue by reportable segment for fiscal 2023 and 2022:

(dollar amounts in thousands)	Fiscal				\$ Change	% Change
	2023		2022			
	Net revenue	% of total net revenue	Net revenue	% of total net revenue		
Ball Bonding Equipment	\$ 287,465	38.7 %	\$ 909,428	60.5 %	\$ (621,963)	(68.4)%
Wedge Bonding Equipment	175,550	23.6 %	194,086	12.9 %	(18,536)	(9.6)%
Advanced Solutions	72,256	9.7 %	94,683	6.3 %	(22,427)	(23.7)%
APS	160,718	21.7 %	197,152	13.1 %	(36,434)	(18.5)%
All Others	46,502	6.3 %	108,271	7.2 %	(61,769)	(57.1)%
Total net revenue	\$ 742,491	100.0 %	\$ 1,503,620	100.0 %	\$ (761,129)	(50.6)%

Ball Bonding Equipment

For fiscal 2023, the lower Ball Bonding Equipment net revenue as compared to fiscal 2022 was due to lower volume of customer purchases primarily in the General Semiconductor and Memory markets. The lower volume in these end markets was a result of uncertainties in the overall macroeconomic environment, leading to a decline in consumer and industrial purchases. This was exacerbated by the high semiconductor supply chain inventories, which contributed to low utilization of our equipment by our customers, resulting in lower demand for our products.

Wedge Bonding Equipment

For fiscal 2023, the lower Wedge Bonding Equipment net revenue as compared to fiscal 2022 was due to lower volume of customer purchases primarily in the General Semiconductor market due to the lower power discrete devices demand, which was partially offset by the higher volume of customer purchases in the automotive and renewable energy market.

Advanced Solutions

For fiscal 2023, the lower Advanced Solutions net revenue as compared to fiscal 2022 was due to timing of revenue recognition for certain customer contracts, which was partially offset by the higher volume of customer purchases in the General Semiconductor market.

APS

For fiscal 2023, the lower APS net revenue as compared to fiscal 2022 was primarily due to lower volume of customer purchases primarily in spares, services and bonding tools. The lower volume was also due to low utilization of our equipment resulting from the decline in consumer and industrial purchases and high semiconductor supply chain inventories.

All Others

For fiscal 2023, the lower net revenue in the "All Others" category as compared to fiscal 2022 was primarily due to lower volume of customer purchases in the General Semiconductor market and mini LED transfer solutions market. The lower volume was a result of uncertainties in the overall macroeconomic environment, leading to a decline in consumer purchases.

Gross Profit Margin

The following table reflects the gross profit as a percentage of net revenue by reportable segment for fiscal 2023 and 2022:

	Fiscal		Basis point change
	2023	2022	
Ball Bonding Equipment	45.6 %	49.0 %	(340)
Wedge Bonding Equipment	52.1 %	48.1 %	400
Advanced Solutions	37.4 %	33.7 %	370
APS	55.2 %	60.5 %	(530)
All Others	44.4 %	54.5 %	(1,010)
Total gross margin	48.3 %	49.8 %	(150)

Ball Bonding Equipment

For fiscal 2023, the lower Ball Bonding Equipment gross profit margin as compared to fiscal 2022 was primarily driven by lower volume of customer purchases resulting from uncertainties in the overall macroeconomic environment and high semiconductor supply chain inventories, less favorable product mix, including lower sales of higher margin products, and less favorable customer mix.

Wedge Bonding Equipment

For fiscal 2023, the higher Wedge Bonding Equipment gross profit margin as compared to fiscal 2022 was primarily driven by favorable product mix, including higher sales of higher margin products.

Advanced Solutions

For fiscal 2023, the higher Advanced Solutions gross profit margin as compared to fiscal 2022 was primarily due to the reversal of previously accrued customer credit program due to the change in accounting estimates resulting from new information.

APS

For fiscal 2023, the lower APS gross profit margin as compared to fiscal 2022 was primarily driven by lower volume, less favorable product mix among the spares, services and bonding tools, and lower average selling prices of bonding tools.

All Others

For fiscal 2023, the lower All Others gross profit margin as compared to fiscal 2022 was primarily due to less favorable product mix. This was partially offset by the reversal of previously accrued customer credit program due to the change in accounting estimates resulting from new information.

Operating Expenses

The following table reflects the operating expenses for fiscal 2023 and 2022:

(dollar amounts in thousands)	Fiscal		\$ Change	% Change
	2023	2022		
Selling, general and administrative	\$ 152,982	\$ 140,050	\$ 12,932	9.2 %
Research and development	144,701	136,852	7,849	5.7 %
Impairment charges	21,535	1,346	20,189	1499.9 %
Total	\$ 319,218	\$ 278,248	\$ 40,970	14.7 %

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

For fiscal 2023, the higher SG&A expenses as compared to fiscal 2022 was primarily due to \$15.4 million net unfavorable variance in foreign exchange, \$2.7 million higher staff costs due to an increase in headcount, \$1.7 million higher professional services and \$1.2 million higher amortization. These were partially offset by \$10.5 million lower sales representative commissions.

Research and Development (“R&D”)

For fiscal 2023, the higher R&D expenses as compared to fiscal 2022 was primarily due to \$4.2 million higher prototype material costs and \$3.3 million higher staff costs related to an increase in headcount.

Impairment Charges

For fiscal 2023, the Company recognized a non-cash impairment charge of \$21.5 million related to goodwill and intangible assets in the Lithography reporting unit, as well as on an investment in a non-marketable equity security. The impairment charge in the prior year period relates to the impairment on an investment in a non-marketable equity security. See Note 4: Goodwill and Intangible Assets and Note 6: Equity Investments of the Notes to the Consolidated Financial Statements for further information.

Income from Operations

For fiscal 2023, total income from operations was lower as compared to fiscal 2022. This was primarily due to lower gross profit and higher operating expenses in fiscal 2023.

The following tables reflect the income/(loss) from operations by reportable segment for fiscal 2023 and 2022:

(dollar amounts in thousands)	Fiscal		\$ Change	% Change
	2023	2022		
Ball Bonding Equipment	\$ 81,929	\$ 385,276	\$ (303,347)	(78.7)%
Wedge Bonding Equipment	63,088	66,649	(3,561)	(5.3)%
Advanced Solutions	(32,530)	(15,389)	(17,141)	(111.4)%
APS	47,654	82,473	(34,819)	(42.2)%
All Others	(36,797)	25,732	(62,529)	(243.0)%
Corporate expenses	(83,907)	(74,669)	(9,238)	(12.4)%
Total income from operations	\$ 39,437	\$ 470,072	\$ (430,635)	(91.6)%

Ball Bonding Equipment, Wedge Bonding Equipment, Advanced Solutions, APS and All Others

For fiscal 2023, the lower Ball Bonding Equipment, Wedge Bonding Equipment, and APS 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 fiscal 2023, the higher Advanced Solutions 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.

For fiscal 2023, the loss from operations in the “All Others” category as compared to the income from operations in prior year period was primarily due to decrease in revenue as explained under “Net Revenue” above, the goodwill impairment charge, integration of newly acquired business and net unfavorable variance in foreign exchange.

Interest Income and Expense

The following table reflects the interest income and interest expense for fiscal 2023 and 2022:

(dollar amounts in thousands)	Fiscal		\$ Change	% Change
	2023	2022		
Interest income	\$ 32,906	\$ 7,124	\$ 25,782	361.9%
Interest expense	\$ (142)	\$ (208)	\$ 66	(31.7)%

Interest income

For fiscal 2023, the higher interest income as compared to fiscal 2022 was primarily due to higher weighted average interest rates 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 fiscal 2023 and 2022:

<i>(dollar amounts in thousands)</i>	Fiscal			Change		
	2023		2022			
Provision for income taxes	\$	15,053	\$	43,443	\$	(28,390)
Effective tax rate		20.8 %		9.1 %		11.7 %

For fiscal 2023, the decrease in provision for income taxes as compared to fiscal 2022 was primarily due to a decrease in profitability and the increase in effective tax rate was primarily related to the increase in the Global Intangible Low-Taxed Income (“GILTI”), resulting from the capitalization of research and development expenditures as mandated by the U.S. Tax Cuts and Jobs Act of 2017 (“TCJA”) effective in fiscal 2023 and the net release of valuation allowances recorded against certain loss and credit carryforwards in fiscal 2022, partially offset by tax benefits from changes jurisdictional mix of profitability.

Please refer to “Note 15: Income Taxes” to our consolidated financial statements in Item 8 for additional information.

LIQUIDITY AND CAPITAL RESOURCES

The following table reflects the total cash, cash equivalents and short-term investments as of September 30, 2023 and October 1, 2022:

<i>(dollar amounts in thousands)</i>	As of			Change		
	September 30, 2023		October 1, 2022			
Cash and cash equivalents	\$	529,402	\$	555,537	\$	(26,135)
Short-term investments		230,000		220,000		10,000
Total cash, cash equivalents, and short-term investments	\$	759,402	\$	775,537	\$	(16,135)
Percentage of total assets		50.6 %		48.8 %		

The following table reflects the summarized Consolidated Statements of Cash Flows information for fiscal 2023 and 2022:

<i>(in thousands)</i>	Fiscal					
	2023		2022			
Net cash provided by operating activities	\$	173,404	\$	390,188		
Net cash (used in) / provided by investing activities		(91,338)		133,799		
Net cash used in financing activities		(111,876)		(321,191)		
Effect of exchange rate changes on cash and cash equivalents		3,675		(10,047)		
		Changes in cash, and cash equivalents	\$	(26,135)	\$	192,749
		Cash and cash equivalents, beginning of period		555,537		362,788
		Cash and cash equivalents, end of period	\$	529,402	\$	555,537

Fiscal 2023

Net cash provided by operating activities consisted of net income of \$57.1 million, non-cash adjustments of \$73.8 million and a net favorable change in operating assets and liabilities of \$42.4 million. The net change in operating assets and liabilities was primarily driven by a decrease in accounts and notes receivable of \$152.7 million and prepaid expenses and other current assets of \$8.6 million. This was partially offset by a decrease in accounts payable and accrued expenses and other current liabilities of \$52.3 million, and income tax payable of \$29.3 million, and an increase in inventories of \$35.8 million.

The decrease in accounts and other receivable was primarily due to lower sales in fiscal 2023. 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 and 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 net cash used in investing activities was due to net purchase of short-term investments of \$10.0 million, cash outflow for the AJA acquisition of \$36.9 million and capital expenditures of \$44.4 million.

The net cash used in financing activities was primarily due to common stock repurchases of \$69.2 million and dividend payments of \$42.0 million.

Fiscal 2022

Net cash provided by operating activities consisted of net income of \$433.5 million, non-cash adjustments of \$22.6 million and a net unfavorable change in operating assets and liabilities of \$65.9 million. The net change in operating assets and liabilities was primarily driven by a decrease in accounts payable and accrued expenses and other current liabilities of \$128.7 million, and an increase in prepaid expenses and other current assets of \$37.9 million and inventories of \$14.9 million. This was partially offset by a decrease in accounts and notes receivable of \$113.3 million and income tax payable of \$4.9 million.

The decrease in accounts payable and accrued expenses and other current liabilities was primarily due to lower purchases in the fourth quarter of fiscal 2022, lower accrued employee compensation, accrued customer obligations and accrued commissions. The increase in prepaid expenses and other current assets was mainly due to the addition of contract assets in fiscal 2022. The increase in inventories was due to increased manufacturing activities to meet higher demand in the first half of fiscal 2022 followed by slower utilization due to lower demand in the second half of fiscal 2022. The decrease in accounts and notes receivable was due to lower sales in the fourth quarter of fiscal 2022 and a change in customer mix of different credit terms.

The net cash provided by investing activities was primarily due to net maturity of short-term investments of \$157.0 million, partially offset by capital expenditures of \$23.0 million.

The net cash used in financing activities was primarily due to common stock repurchases of \$281.3 million and dividend payments of \$39.4 million.

Fiscal 2024 Liquidity and Capital Resource Outlook

We expect our fiscal 2024 capital expenditures to be between \$23.0 million and \$27.0 million. The actual amounts for fiscal 2024 will vary depending on market conditions. Expenditures are anticipated to be primarily used for research and development projects, enhancements to our manufacturing operations, improvements to our information technology security, implementation of our 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, trade tensions, inflationary pressures, geopolitical tensions, including the ongoing Israel-Hamas war, tensions in the Middle East, and the prolonged Ukraine/Russia conflict, and other factors, some of which are beyond our control.

As of September 30, 2023 and October 1, 2022, approximately \$576.9 million and \$499.8 million of cash, cash equivalents, and short-term investments were held by the Company's foreign subsidiaries, respectively, 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 Company's operations and capital requirements are funded primarily by cash on hand, cash generated by foreign 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 any outstanding balances under our existing 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 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 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 and 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, and as a result of the ongoing Israel-Hamas war and the prolonged Ukraine/Russia conflict or for other reasons, we may seek, as we believe appropriate, additional debt or equity financing which would provide capital for 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 our 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 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 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 May 7, 2022, the Company entered into a written trading plan under Rule 10b5-1 of the Exchange Act to facilitate repurchases under the Program. This trading plan was most recently modified on May 29, 2023. 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 fiscal year ended September 30, 2023, the Company repurchased a total of approximately 1,515.0 thousand shares of common stock at a cost of approximately \$68.1 million. The stock repurchases were recorded in the periods they were delivered and accounted for as treasury stock in the Company's Consolidated 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 September 30, 2023, our remaining stock repurchase authorization under the Program was approximately \$181.0 million.

Dividends

On August 23, 2023, June 8, 2023, March 2, 2023 and November 16, 2022, the Board of Directors declared a quarterly dividend \$0.19 per share of common stock. During the fiscal year ended September 30, 2023, the Company declared dividends of \$0.76 per share of common stock. 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 stockholders.

Other Obligations and Contingent Payments

In accordance with U.S. generally accepted accounting principles, certain obligations and commitments as of September 30, 2023 are appropriately not included in the Consolidated Balance Sheets and Statements of Operations in this Form 10-K. However, because these obligations and commitments are entered into in the normal course of business and because they may have a material impact on our liquidity, we have disclosed them in the table below.

Additionally, as of September 30, 2023, the Company had deferred tax liabilities of \$37.3 million and unrecognized tax benefit recorded within the income tax payable for uncertain tax positions of \$17.7 million, including related accrued interest of \$2.8 million. These amounts are not included in the contractual obligation table below because we are unable to reasonably estimate the timing of these payments at this time.

The following table presents certain payments due by the Company under contractual obligations with minimum firm commitments as of September 30, 2023:

<i>(in thousands)</i>	Total	Payments due in			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Inventory purchase obligations ⁽¹⁾	\$ 182,567	182,567	\$ —	\$ —	\$ —
U.S. one-time transition tax payable ⁽²⁾ (reflected on our Balance Sheets)	47,686	12,606	35,080	—	—
Total	\$ 230,253	\$ 195,173	\$ 35,080	\$ —	\$ —

(1) We order inventory components in the normal course of our business. A portion of these orders are non-cancellable and a portion may have 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 TCJA.

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 customary 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 September 30, 2023, there were no outstanding amounts under the Overdraft Facility.

As of September 30, 2023, other than the bank guarantee disclosed in Note 10, we did not have any other off-balance sheet arrangements, such as contingent interests or obligations associated with variable interest entities.

Item 7A. 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 to 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 September 30, 2023, a 10.0% fluctuation could impact our financial position, results of operations or cash flows by \$5.0 to \$6.0 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 \$54.6 million outstanding as of September 30, 2023.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Kulicke and Soffa Industries, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Kulicke and Soffa Industries, Inc. and its subsidiaries (the "Company") as of September 30, 2023 and October 1, 2022, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended September 30, 2023, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended September 30, 2023 appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of September 30, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2023 and October 1, 2022, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded Kulicke and Soffa Hi-Tech Co., Ltd. ("K&S Hi-Tech") from its assessment of internal control over financial reporting as of September 30, 2023 because it was acquired by the Company in a purchase business combination during the year ended September 30, 2023. We have also excluded K&S Hi-Tech from our audit of internal control over financial reporting. K&S Hi-Tech is a wholly-owned subsidiary whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent less than 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended September 30, 2023.

Definition and Limitations of Internal Control over Financial Reporting

A company's 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 generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements; and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of inventories - Reserves for excess and obsolete raw materials

As described in Notes 1 and 2 to the consolidated financial statements, the Company's consolidated net inventory balance was \$217.3 million. The Company generally provides reserves for obsolete inventory and for inventory considered to be in excess of demand. Demand is generally defined as forecasted future consumption for inventories, and is based upon internal projections, historical sales volumes, customer order activity and a review of consumable inventory levels at customers' facilities.

The principal considerations for our determination that performing procedures relating to the valuation of inventories, specifically the reserves for excess and obsolete raw materials, is a critical audit matter are our assessment that this is an area of significant judgment by management when developing reserves for excess and obsolete raw materials, including developing the assumptions related to forecasted future consumption for raw materials. This has in turn led to significant auditor judgment, subjectivity, and effort in performing procedures and evaluating the reasonableness of management's significant assumptions related to the forecasted future consumption for raw materials.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's reserves for excess and obsolete raw materials, including controls over management's assumptions related to forecasted future consumption for raw materials. These procedures also included, among others, testing management's process for developing the reserves for excess or obsolete raw materials; evaluating the appropriateness of management's approach; testing the completeness and accuracy of underlying data used in the approach; and evaluating the reasonableness of management's assumptions related to forecasted future consumption for raw materials. Evaluating management's assumptions related to forecasted future consumption for raw materials involved evaluating whether the assumptions used by management was reasonable considering (i) current and past sales results, (ii) the consistency of sales with external market and industry data, and (iii) comparing prior year estimates of sales to actual sales results in the current year.

/s/ PricewaterhouseCoopers LLP
Singapore
November 16, 2023

We have served as the Company's auditor since 2011.

KULICKE AND SOFFA INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amount)

	As of	
	September 30, 2023	October 1, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 529,402	\$ 555,537
Short-term investments	230,000	220,000
Accounts and notes receivable, net of allowance for doubtful accounts of \$49 and \$0, respectively	158,601	309,323
Inventories, net	217,304	184,986
Prepaid expenses and other current assets	53,751	62,200
Total current assets	1,189,058	1,332,046
Property, plant and equipment, net	110,051	80,908
Operating right-of-use assets	47,148	41,767
Goodwill	88,673	68,096
Intangible assets, net	29,357	31,939
Deferred tax assets	31,551	25,572
Equity investments	716	5,397
Other assets	3,223	2,874
TOTAL ASSETS	\$ 1,499,777	\$ 1,588,599
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	49,302	67,311
Operating lease liabilities	6,574	6,766
Accrued expenses and other current liabilities	103,005	134,541
Income taxes payable	22,670	40,063
Total current liabilities	181,551	248,681
Deferred tax liabilities	37,264	34,037
Income taxes payable	52,793	64,634
Operating lease liabilities	41,839	34,927
Other liabilities	11,769	11,670
TOTAL LIABILITIES	\$ 325,216	\$ 393,949
Commitments and contingent liabilities (Note 17)		
SHAREHOLDERS' EQUITY:		
Preferred stock, without par value:		
Authorized 5,000 shares; issued - none	\$ —	\$ —
Common stock, no par value:		
Authorized 200,000 shares; issued 85,364 and 85,364 respectively; outstanding 56,310 and 57,128 shares, respectively	577,227	561,684
Treasury stock, at cost, 29,054 and 28,236 shares, respectively	(737,214)	(675,800)
Retained earnings	1,355,810	1,341,666
Accumulated other comprehensive loss	(21,762)	(32,900)
TOTAL SHAREHOLDERS' EQUITY	\$ 1,174,561	\$ 1,194,650
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,499,777	\$ 1,588,599

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

KULICKE AND SOFFA INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Fiscal		
	2023	2022	2021
Net revenue	\$ 742,491	\$ 1,503,620	\$ 1,517,664
Cost of sales	383,836	755,300	820,678
Gross profit	<u>358,655</u>	<u>748,320</u>	<u>696,986</u>
Selling, general and administrative	152,982	140,050	147,061
Research and development	144,701	136,852	137,478
Impairment charges	21,535	1,346	—
Operating expenses	<u>319,218</u>	<u>278,248</u>	<u>284,539</u>
Income from operations	39,437	470,072	412,447
Interest income	32,906	7,124	2,321
Interest expense	(142)	(208)	(218)
Income before income taxes	72,201	476,988	414,550
Provision for income taxes	15,053	43,443	47,295
Share of results of equity-method investee, net of tax	—	—	94
Net income	<u>\$ 57,148</u>	<u>\$ 433,545</u>	<u>\$ 367,161</u>
Net income per share:			
Basic	\$ 1.01	\$ 7.21	\$ 5.92
Diluted	\$ 0.99	\$ 7.09	\$ 5.78
Weighted average shares outstanding:			
Basic	56,682	60,164	62,009
Diluted	57,548	61,182	63,515

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

KULICKE AND SOFFA INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Fiscal		
	2023	2022	2021
Net income	\$ 57,148	\$ 433,545	\$ 367,161
Other comprehensive income / (loss):			
Foreign currency translation adjustment	9,676	(30,536)	672
Unrecognized actuarial (loss) / gain on pension plan, net of tax	(49)	2,276	—
	9,627	(28,260)	672
Derivatives designated as hedging instruments:			
Unrealized gain / (loss) on derivative instruments, net of tax	2,381	(2,694)	24
Reclassification adjustment for (gain) / loss on derivative instruments recognized, net of tax	(870)	1,076	(1,197)
Net increase / (decrease) from derivatives designated as hedging instruments, net of tax	1,511	(1,618)	(1,173)
Total other comprehensive income / (loss)	11,138	(29,878)	(501)
Comprehensive income	\$ 68,286	\$ 403,667	\$ 366,660

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

KULICKE AND SOFFA INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock		Treasury Stock	Retained earnings	Accumulated Other Comprehensive (loss) / income	Shareholders' Equity
	Shares	Amount				
Balances as of October 3, 2020	61,558	\$ 539,213	\$ (394,817)	\$ 616,119	\$ (2,521)	\$ 757,994
Issuance of stock for services rendered	23	616	202	—	—	818
Repurchase of common stock	(215)	—	(10,182)	—	—	(10,182)
Issuance of shares for equity-based compensation	565	(4,385)	4,385	—	—	—
Equity-based compensation	—	14,673	—	—	—	14,673
Cash dividend declared	—	—	—	(34,726)	—	(34,726)
Components of comprehensive income:						
Net income	—	—	—	367,161	—	367,161
Other comprehensive loss	—	—	—	—	(501)	(501)
Total comprehensive income / (loss)	—	—	—	367,161	(501)	366,660
Balances as of October 2, 2021	61,931	\$ 550,117	\$ (400,412)	\$ 948,554	\$ (3,022)	\$ 1,095,237
Issuance of stock for services rendered	18	774	175	—	—	949
Repurchase of common stock	(5,576)	—	(282,807)	—	—	(282,807)
Issuance of shares for equity-based compensation	755	(7,244)	7,244	—	—	—
Equity-based compensation	—	18,037	—	—	—	18,037
Cash dividend declared	—	—	—	(40,433)	—	(40,433)
Components of comprehensive income:						
Net income	—	—	—	433,545	—	433,545
Other comprehensive loss	—	—	—	—	(29,878)	(29,878)
Total comprehensive income/(loss)	—	—	—	433,545	(29,878)	403,667
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	21	798	202	—	—	1,000
Repurchase of common stock	(1,515)	—	(68,115)	—	—	(68,115)
Issuance of shares for equity-based compensation	676	(6,499)	6,499	—	—	—
Equity-based compensation	—	21,744	—	—	—	21,744
Cash dividend declared	—	—	—	(43,004)	—	(43,004)
Components of comprehensive income:						
Net income	—	—	—	57,148	—	57,148
Other comprehensive income	—	—	—	—	11,138	11,138
Total comprehensive income	—	—	—	57,148	11,138	68,286
Balances as of September 30, 2023	56,310	\$ 577,727	\$ (737,214)	\$ 1,355,810	\$ (21,762)	\$ 1,174,561

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

KULICKE AND SOFFA INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 57,148	\$ 433,545	\$ 367,161
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	28,857	21,293	19,810
Impairment charges	21,535	1,346	—
Equity-based compensation and employee benefits	22,744	18,986	15,491
Adjustment for doubtful accounts	49	(245)	(248)
Adjustment for inventory valuation	5,214	(2,613)	(2,965)
Deferred taxes	(4,478)	(8,648)	(9,818)
(Gain) / loss on disposal of property, plant and equipment	(499)	(253)	259
Gain on disposal of equity-method investments	—	—	(1,046)
Unrealized fair value changes on equity investment	323	—	—
Unrealized foreign currency translation	85	(7,278)	(378)
Share of results of equity-method investee	—	—	94
Changes in operating assets and liabilities, net of assets and liabilities assumed in businesses combinations:			
Accounts and notes receivable	152,667	113,340	(221,924)
Inventory	(35,755)	(14,924)	(52,719)
Prepaid expenses and other current assets	8,619	(37,907)	(4,573)
Accounts payable, accrued expenses and other current liabilities	(52,333)	(128,734)	181,960
Income taxes payable	(29,312)	4,946	7,686
Other, net	(1,460)	(2,666)	1,242
Net cash provided by operating activities	<u>173,404</u>	<u>390,188</u>	<u>300,032</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of business, net of cash acquired	(36,881)	—	(26,338)
Purchases of property, plant and equipment	(44,406)	(22,985)	(22,775)
Proceeds from sales of property, plant and equipment	591	181	291
Investment in private equity fund	(642)	(397)	—
Purchase of short term investments	(595,000)	(469,000)	(507,000)
Maturity of short term investments	585,000	626,000	472,000
Disposal of equity-method investments	—	—	2,115
Net cash provided by / (used in) investing activities	<u>(91,338)</u>	<u>133,799</u>	<u>(81,707)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment on short term debt	—	(54,500)	(22,750)
Payment for finance leases	(629)	(509)	(379)
Repurchase of common stock	(69,210)	(281,319)	(10,426)
Proceeds from short term debt	—	54,500	22,750
Common stock cash dividends paid	(42,037)	(39,363)	(33,453)
Net cash used in financing activities	<u>(111,876)</u>	<u>(321,191)</u>	<u>(44,258)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>3,675</u>	<u>(10,047)</u>	<u>594</u>
Changes in cash and cash equivalents	(26,135)	192,749	174,661
Cash and cash equivalents at beginning of period	555,537	362,788	188,127
Cash and cash equivalents at end of period	<u>\$ 529,402</u>	<u>\$ 555,537</u>	<u>\$ 362,788</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:			
Property, plant and equipment included in accounts payable and accrued expenses	3,000	9,063	1,928
CASH PAID FOR:			
Interest	\$ 142	\$ 208	\$ 218
Income taxes	\$ 56,254	\$ 50,309	\$ 51,856

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PRESENTATION

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

Fiscal Year

Each of the Company's first three fiscal quarters ends 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. In fiscal years consisting of 53 weeks, the fourth quarter will consist of 14 weeks. The 2023, 2022, and 2021 fiscal years ended on September 30, 2023, October 1, 2022 and October 2, 2021, respectively.

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.

Use of Estimates

The preparation of consolidated 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 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, 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, 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.

In light of the 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 September 30, 2023. While there was no material impact to our consolidated financial statements as of and for the year ended September 30, 2023, these estimates may change, as new events occur and additional information is obtained, as well as other factors related to the macroeconomic headwinds that could materially impact our consolidated financial statements in future reporting periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Vulnerability to Certain Concentrations

Financial instruments which may subject the Company to concentrations of credit risk as of September 30, 2023 and October 1, 2022 consisted primarily of trade receivables. The Company manages credit risk associated with investments by investing its excess cash in highly rated debt instruments of the U.S. government and its agencies, financial institutions, and corporations. The Company has established investment guidelines relative to diversification and maturities designed to maintain safety and liquidity. These guidelines are periodically reviewed and modified as appropriate.

The Company's trade receivables result primarily from the sale of semiconductor equipment, related accessories and replacement parts, and tools to a relatively small number of large manufacturers in a highly concentrated industry. Write-offs of uncollectible accounts have historically not been material. The Company actively monitors its customers' financial strength to reduce the risk of loss, especially in light of the current macroeconomic headwinds.

The Company's products are complex and require raw materials, components and subassemblies having a high degree of reliability, accuracy and performance. The Company relies on subcontractors to manufacture many of these components and subassemblies and it relies on sole source suppliers for some important components and raw material inventory.

Foreign Currency Translation and Remeasurement

The majority of the Company's business is transacted in U.S. dollars; however, the functional currencies of some of the Company's subsidiaries are their local currencies. In accordance with ASC No. 830, *Foreign Currency Matters* ("ASC 830"), for a subsidiary of the Company that has a functional currency other than the U.S. dollar, gains and losses resulting from the translation of the functional currency into U.S. dollars for financial statement presentation are not included in determining net income, but are accumulated in the cumulative translation adjustment account as a separate component of shareholders' equity (accumulated other comprehensive income / (loss)). The tax effect of currency translation adjustments related to unremitted foreign earnings no longer deemed to be indefinitely reinvested outside the U.S. is reflected in the determination of the Company's net income or other comprehensive income ("OCI"). Gains and losses resulting from foreign currency transactions are included in the determination of net income.

The Company's operations are exposed to changes in foreign currency exchange rates due to transactions denominated in currencies other than the location's functional currency. The Company is 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. In addition to net monetary remeasurement, the Company has 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. The Company's U.S. operations also have foreign currency exposure due to net monetary assets denominated in currencies other than the U.S. dollar.

Derivative Financial Instruments

The Company's primary objective for holding derivative financial instruments is to manage the fluctuation in foreign exchange rates and accordingly is not speculative in nature. The Company's international operations are exposed to changes in foreign exchange rates as described above. The Company has established a program to monitor the forecasted transaction currency risk to protect against foreign exchange rate volatility. Generally, the Company uses foreign exchange forward contracts in these hedging programs. These instruments, which have maturities of up to twelve months, are recorded at fair value and are included in prepaid expenses and other current assets, or accrued expenses and other current liabilities.

Our accounting policy for derivative financial instruments is based on whether they meet the criteria for designation as a cash flow hedge. A designated hedge with exposure to variability in the functional currency equivalent of the future foreign currency cash flows of a forecasted transaction is referred to as a cash flow hedge. The criteria for designating a derivative as a cash flow hedge include the assessment of the instrument's effectiveness in risk reduction, matching of the derivative instrument to its underlying transaction, and the assessment of the probability that the underlying transaction will occur. For derivatives with cash flow hedge accounting designation, we report the after-tax gain / (loss) from the effective portion of the hedge as a component of accumulated other comprehensive income / (loss) and reclassify it into earnings in the same period in which the hedged transaction affects earnings and in the same line item on the consolidated statement of operations as the impact of the hedged transaction. Derivatives that we designate as cash flow hedges are classified in the consolidated statement of cash flows in the same section as the underlying item, primarily within cash flows from operating activities.

The hedge effectiveness of these derivative instruments is evaluated by comparing the cumulative change in the fair value of the hedge contract with the cumulative change in the fair value of the forecasted cash flows of the hedged item.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

If a cash flow hedge is discontinued because it is no longer probable that the original hedged transaction will occur as previously anticipated, the cumulative unrealized gain or loss on the related derivative is reclassified from accumulated other comprehensive income / (loss) into earnings. Subsequent gain / (loss) on the related derivative instrument is recognized into earnings in each period until the instrument matures, is terminated, is re-designated as a qualified cash flow hedge, or is sold. Ineffective portions of cash flow hedges, as well as amounts excluded from the assessment of effectiveness, are recognized in earnings.

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash equivalents are measured at fair value based on Level 1 measurement, or quoted market prices, as defined by ASC No. 820, *Fair Value Measurements and Disclosures*.

Equity Investments

The Company invests in equity securities in companies to promote business and strategic objectives. Non-marketable equity securities are equity securities without readily determinable fair value that are measured and recorded as follows:

- Either using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes, or;
- Using the published or estimated Net Asset Value ("NAV") for investments that qualify as a practical expedient to determine the fair values of equity securities. The fair values of the underlying investments are determined using quoted market prices, or independent third-party broker or dealer price quotes if quoted market prices are not available. Changes in the fair value of the investments are recognized as gains and losses in earnings.

Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts for estimated losses resulting from its customers' failure to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, including as a result of the existing macroeconomic headwinds, additional allowances may be required. If global or regional economic conditions deteriorate or political conditions were to change in some of the countries where the Company does business, it could have a significant impact on the results of operations, and the Company's ability to realize the full value of its accounts receivable.

Inventories

Inventories are stated at the lower of cost (on a first-in, first-out basis) or net realizable value. The Company generally provides reserves for obsolete inventory and for inventory considered to be in excess of demand. Demand is generally defined as 18 months forecasted future consumption for equipment, 24 months forecasted future consumption for spare parts, and 12 months forecasted future consumption for tools. Forecasted consumption is based upon internal projections, historical sales volumes, customer order activity and a review of consumable inventory levels at customers' facilities. The Company communicates forecasts of its future consumption to its suppliers and adjusts commitments to those suppliers accordingly. If required, the Company reserves the difference between the carrying value of its inventory and the lower of cost or net realizable value, based upon projections about future consumption, and market conditions. If actual market conditions are less favorable than projections, additional inventory reserves may be required.

Inventory reserve provision for certain subsidiaries is determined based on management's estimate of future consumption for equipment, spare parts and tools. This estimate is based on historical sales volumes, internal projections and market developments and trends.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. The cost of additions and those improvements which increase the capacity or lengthen the useful lives of assets are capitalized while repair and maintenance costs are expensed as incurred. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives as follows: buildings 25 years; machinery, equipment, furniture and fittings 3 to 10 years; toolings 1 year; and leasehold improvements are based on the shorter of the life of lease or life of asset. Purchased computer software costs related to business and financial systems are amortized over a five-year period on a straight-line basis. Land is not depreciated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Valuation of Long-Lived Assets

In accordance with ASC No. 360, *Property, Plant & Equipment* ("ASC 360"), the Company's definite lived intangible assets and property, plant and equipment are tested for impairment based on undiscounted cash flows when triggering events occur, and if impaired, written-down to fair value based on either discounted cash flows or appraised values. ASC 360 also provides a single accounting model for long-lived assets to be disposed of by sale and establishes additional criteria that would have to be met to classify an asset as held for sale. The carrying amount of an asset or asset group is not recoverable to the extent it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. Estimates of future cash flows used to test the recoverability of a long-lived asset or asset group must incorporate the entity's own assumptions about its use of the asset or asset group and must factor in all available evidence.

ASC 360 requires that long-lived assets be tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Such events include significant under-performance relative to historical internal forecasts or projected future operating results; significant changes in the manner of use of the assets; significant negative industry or economic trends; or significant changes in market capitalization. During the fiscal years ended September 30, 2023 and October 1, 2022, no "triggering" events occurred.

Accounting for Impairment of Goodwill

ASC No. 350, *Intangibles - Goodwill and Other* requires goodwill and other intangible assets with indefinite lives to be reviewed for impairment annually, or more frequently if circumstances indicate a possible impairment. We assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, after assessing the qualitative factors, a company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, then performing the impairment test is unnecessary. However, if a company concludes otherwise, then it is required to perform the goodwill impairment test. The Company's impairment test is performed by comparing the fair value of a reporting unit with its carrying value, and determining if the carrying amount exceeds its fair value.

As part of the annual evaluation, the Company performs an impairment test of its goodwill in the fourth quarter of each fiscal year to coincide with the completion of its annual forecasting and refreshing of its business outlook processes. On an ongoing basis, the Company monitors if a "triggering" event has occurred that may have the effect of reducing the fair value of a reporting unit below its respective carrying value. 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 charge in the future.

Impairment assessments inherently involve judgment as to the assumptions made about the expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact the assumptions as to prices, costs, growth rates or other factors that may result in changes in the estimates of future cash flows. Although the Company believes the assumptions that it has used in testing for impairment are reasonable, significant changes in any one of the assumptions could produce a significantly different result. Indicators of potential impairment, including significant and unforeseen customer losses, a significant adverse change in legal factors or in the business climate, a significant adverse action or assessment by a regulator, a significant stock price decline or unanticipated competition may lead the Company to perform interim goodwill impairment assessments.

For further information on goodwill and other intangible assets, see Note 4 below.

Government Incentives

The Company receives government incentives for qualifying research and development, and other activities as defined by the relevant government entities awarding the grants. Government grants, including non-income tax incentives, are recognized when there is reasonable assurance that the grant will be received and the Company will comply with the conditions specified in the grant agreement. The Company records operating grants as a reduction to expense in the same line item on the consolidated statements of income as the expenditure for which the grant is intended to compensate. The Company recognized an immaterial benefit for operating grants in fiscal 2023.

Revenue Recognition

In accordance with ASC No. 606, *Revenue from Contracts with Customers*, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The Company recognizes revenue from sales of our products, including sales to our distributors, at a point in time, generally upon shipment or delivery to the customer or distributor, depending upon the terms of the sales order. Control is considered transferred when title and risk of loss pass, when the customer becomes obligated to pay and, where applicable, when the customer has accepted the products or upon expiration of the acceptance period. For sales to distributors, payment is due on our standard commercial terms and is not contingent upon the distributors' resale of the products.

Our business is subject to contingencies related to customer orders, including:

- **Right of Return:** A large portion of our revenue comes from the sale of equipment used in the semiconductor assembly process. Other product sales relate to consumable products, which are sold in high-volume quantities, and are generally maintained at low stock levels at the customers' facility. Customer returns have historically represented a very small percentage of customer sales on an annual basis.
- **Warranties:** Our equipment is generally shipped with a one-year warranty against manufacturing defects. We establish 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 expenses, including product parts replacement, freight charges and labor costs expected to be incurred to correct manufacturing defects during the warranty period.
- **Conditions of Acceptance:** Sales of our consumable products generally do not have customer acceptance terms. In certain cases, sales of our equipment have customer acceptance clauses which may require the equipment to perform in accordance with agreed specifications, customer specifications or subject to satisfactory installation at the customer's facility. In such cases, if the terms of acceptance are satisfied at our facility prior to shipment, the revenue for the equipment will be recognized upon shipment. If the terms of acceptance are satisfied at our customers' facilities, the revenue for the equipment will not be recognized until acceptance, which is typically obtained after installation and testing, is received from the customer.

Service revenue is generally recognized over time as the services are performed. For fiscal 2023 and 2022, the service revenue is not material.

The Company measures revenue based on the amount of consideration we expect to be entitled to in exchange for products or services. Any variable consideration such as sales incentives are recognized as a reduction of net revenue at the time of revenue recognition.

The length of time between invoicing and payment is not significant under our payment terms. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts generally do not include a significant financing component. Shipping and handling costs billed to customers are recognized in net revenue.

Shipping and handling costs paid by the Company are included in cost of sales.

Contract Assets

A contract asset is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer. ASC 606, *Revenue from Contracts with Customers*, distinguishes between a contract asset and a receivable based on whether receipt of the consideration is conditional on something other than the passage of time. When the Company transfers control of goods or services to a customer before the customer pays consideration, the Company records either a contract asset or a receivable depending on the nature of the Company's right to consideration for its performance. The point at which a contract asset becomes an account receivable may be earlier than the point at which an invoice is issued. The Company assesses a contract asset for impairment in accordance with ASC 310, *Receivables*.

Research and Development

The Company charges research and development costs associated with the development of new products to expense when incurred. In certain circumstances, pre-production machines that the Company intends to sell are carried as inventory until sold.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Income Taxes

In accordance with ASC No. 740, *Income Taxes*, deferred income taxes are determined using the balance sheet method. The Company records a valuation allowance to reduce its deferred tax assets to the amount expected, on a more likely than not basis, to be realized. While the Company has considered future taxable income and ongoing tax planning strategies in assessing the need for the valuation allowance, if it were to determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to deferred tax assets would increase income in the period when such determination is made. Likewise, should the Company determine it would not be able to realize all or part of its deferred tax assets in the future, an adjustment to deferred tax assets would decrease income in the period when such determination is made.

The Company determines the amount of unrecognized tax benefit with respect to uncertain tax positions taken or expected to be taken on its income tax returns in accordance with ASC No. 740 Topic 10, *Income Taxes, General* ("ASC 740.10"). Under ASC 740.10, the Company utilizes a two-step approach for evaluating uncertain tax positions. Step one, or recognition, requires a company to determine if the weight of available evidence indicates a tax position is more likely than not to be sustained upon examination solely based on its technical merit. Step two, or measurement, is based on the largest amount of benefit, which is more likely than not to be realized on settlement with the taxing authority, including resolution of related appeals or litigation processes, if any.

Equity-Based Compensation

The Company accounts for equity-based compensation under the provisions of ASC No. 718, *Compensation - Stock Compensation* ("ASC 718"). ASC 718 requires the recognition of the fair value of the equity-based compensation in net income. Compensation expense associated with Relative TSR Performance Share Units is determined using a Monte-Carlo valuation model, and compensation expense associated with time-based and Growth Performance Share Units is determined based on the number of shares granted and the fair value on the date of grant. See Note 11 for a summary of the terms of these performance-based awards. The fair value of equity-based awards is amortized over the vesting period of the award, and the Company elected to use the straight-line method for awards granted after the adoption of ASC 718.

Earnings per Share

Earnings per share ("EPS") are calculated in accordance with ASC No. 260, *Earnings per Share*. Basic EPS include only the weighted average number of common stock outstanding during the period. Diluted EPS include the weighted average number of common stock and the dilutive effect of stock options, performance share units and restricted share units outstanding during the period, when such instruments are dilutive.

Accelerated Share Repurchase

From time to time, the Company may enter into accelerated share repurchase ("ASR") agreements with third-party financial institutions to repurchase shares of the Company's common stock. Under an ASR agreement, in exchange for an up-front payment, the counterparty makes an initial delivery of shares of the Company's common stock during the purchase period of the relevant ASR. This initial delivery of shares represents the minimum number of shares that the Company may receive under an ASR agreement. Upon settlement of an ASR agreement, the counterparty may deliver additional shares, with the final number of shares delivered determined based on the volume-weighted average price of the Company's common stock over the term of such ASR agreement, less an agreed-upon discount. The transactions are accounted for as equity transactions and are included in Treasury Stock when the shares are received, at which time there is an immediate reduction in the weighted-average common stock calculation for basic and diluted earnings per share.

Accounting for Business Acquisitions

The Company accounts for business acquisitions in accordance with ASC No. 805, *Business Combinations*. The fair value of the net assets acquired and the results of operations of the acquired businesses are included in the consolidated financial statements from the acquisition date forward. The Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and results of operations during the reporting period. Estimates are used in accounting for, among other things, the fair value of acquired net operating assets, property, plant and equipment, intangible assets and related deferred income taxes, useful lives of property, plant and equipment, and amortizable lives of acquired intangible assets. Any excess of the purchase consideration over the identified fair value of the assets and liabilities assumed is recognized as goodwill. The valuation of these tangible and identifiable intangible assets and liabilities is subject to further management review and may change materially between the preliminary allocation and end of the purchase price allocation period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Restructuring Charges

Restructuring charges may consist of voluntary or involuntary severance-related charges, asset-related charges and other costs due to exit activities. We recognize voluntary termination benefits when an employee accepts the offered benefit arrangement. We recognize involuntary severance-related charges depending on whether the termination benefits are provided under an ongoing benefit arrangement or under a one-time benefit arrangement. If the former, we recognize the charges once they are probable and the amounts are estimable. If the latter, we recognize the charges once the benefits have been communicated to employees.

Recent Accounting Pronouncements*Government Assistance*

In November 2021, the FASB issued ASU 2021-10, *Government Assistance* (Topic 832): Disclosure by Business Entities about Government Assistance which aims at increasing the transparency of government assistance received by most business entities. The standard requires business entities to make annual disclosures about the nature of the transactions and the related accounting policy used to account for the transactions, the line items and applicable amounts on the balance sheet and income statement that are affected by the transactions, and significant terms and conditions of the transactions, including commitments and contingencies. If an entity omits any required disclosures because it is legally prohibited, it must disclose that fact. This ASU is effective for fiscal years (and interim periods within those fiscal years) beginning after December 15, 2021, which for the Company is the first quarter of fiscal 2023. The adoption of this ASU did not have a material impact on our consolidated financial statements.

Business Combinations

In October 2021, the FASB issued ASU 2021-08, *Business Combinations* (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which clarifies that an acquirer of a business should recognize and measure contract assets and contract liabilities in a business combination in accordance with Topic 606: *Revenue from Contracts with Customers*. The amendments should be applied prospectively to business combinations occurring on or after the effective date of the amendments with early adoption permitted. We elected for an early adoption of this ASU in fiscal year 2023. The adoption of this ASU did not have a material impact on our consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

NOTE 2: BALANCE SHEET COMPONENTS

The following tables reflect the components of significant balance sheet accounts as of September 30, 2023 and October 1, 2022:

(in thousands)	As of	
	September 30, 2023	October 1, 2022
Inventories, net:		
Raw materials and supplies	\$ 114,827	\$ 118,833
Work in process	74,555	40,114
Finished goods	49,207	45,277
	<u>238,589</u>	<u>204,224</u>
Inventory reserves	(21,285)	(19,238)
	<u>\$ 217,304</u>	<u>\$ 184,986</u>
Property, plant and equipment, net:		
Land	\$ 2,182	\$ 2,182
Buildings and building improvements	23,105	22,783
Leasehold improvements	82,927	32,400
Data processing equipment and software	37,483	38,223
Machinery, equipment, furniture and fixtures	95,692	90,151
Construction in progress	11,099	25,004
	<u>252,488</u>	<u>210,743</u>
Accumulated depreciation	(142,437)	(129,835)
	<u>\$ 110,051</u>	<u>\$ 80,908</u>
Accrued expenses and other current liabilities:		
Accrued customer obligations ⁽¹⁾	\$ 35,701	\$ 58,916
Wages and benefits	33,096	50,279
Commissions and professional fees	4,091	5,019
Dividends payable	10,710	9,743
Accrued leasehold renovations	11,005	—
Other	8,402	10,584
	<u>\$ 103,005</u>	<u>\$ 134,541</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

NOTE 3: BUSINESS COMBINATIONS

Acquisition of Advanced Jet Automation Co., Ltd.

On September 8, 2022, the Company through one of its subsidiaries, Kulicke and Soffa Luxembourg S.À R.L, entered into a definitive agreement (the “Definitive Agreement”) for the acquisition of Advanced Jet Automation Co., Ltd. (“AJA”), a technology company headquartered in Taiwan.

On February 22, 2023 (the “Closing Date”), pursuant to the Definitive Agreement, the Company completed its acquisition of AJA, including the material business and assets formerly owned by AJA’s affiliate, Samurai Spirit Inc., a leading developer and manufacturer of high-precision micro-dispensing equipment and solutions in Taiwan. AJA became a wholly-owned subsidiary of the Company and on March 30, 2023, AJA was renamed Kulicke and Soffa Hi-Tech Co., Ltd. (“K&S Hi-Tech”). The newly acquired business of K&S Hi-Tech will operate as a business unit (“advanced dispensing solutions”), deemed a separate operating segment which is reported under the “All Others” category. The acquisition broadens the Company’s existing semiconductor, electronic assembly and advanced display portfolio, increasing opportunities across several exciting growth areas including mini and micro-LED, which support both backlighting and direct-emissive approaches.

The purchase price consisted of \$38.1 million in cash paid at closing (the “Purchase Price”) and additional potential earn-out payments based on certain revenue and earnings before interest, tax, depreciation and amortization (“EBITDA”) benchmarks established for the dispensing business unit. As at September 30, 2023, the Company held \$4.0 million in escrow and will continue to hold such sums for a period of twenty-four (24) months from the Closing Date, as security pending the completion of Ruo Chuan Inc.’s obligations as the seller under the Definitive Agreement.

The Company has estimated the preliminary fair value of acquired assets and liabilities as of the date of acquisition based on current information available. The valuation of these tangible and identifiable intangible assets and liabilities is subject to further management review and may change materially between the preliminary allocation and end of the purchase price allocation period of February 21, 2024. Any changes in these estimates may have a material impact on our Consolidated Statements of Operations or Consolidated Balance Sheets.

The acquisition of AJA was accounted for in accordance with ASC No. 805, *Business Combinations*, using the acquisition method.

The following table summarizes the allocation of the assets acquired and liabilities assumed based on the fair values as of the acquisition date:

<i>(in thousands)</i>	February 22, 2023
Cash and cash equivalents	\$ 1,238
Account and other receivables, net	1,156
Inventory	1,581
Property, plant and equipment, net	1,462
Right-of-use assets	989
Other assets	127
Goodwill	27,975
Intangible assets	7,768
Accounts and other payables	(965)
Accrued expenses and other liabilities	(251)
Contract liabilities	(187)
Lease liability	(989)
Deferred tax liabilities	(1,785)
Total purchase price, net of cash acquired	\$ 38,119

Excluding inventory and property, plant and equipment, all other tangible net assets (liabilities) were valued at their respective carrying amounts, which the Company believes approximate their current fair values at the Closing Date. In connection with the acquisition of AJA, the Company recorded deferred tax liabilities primarily relating to the acquired intangible assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired and includes the value of expected future cash flows of AJA from expected synergies with our other affiliates and other unidentifiable intangible assets. None of the goodwill recorded as part of the acquisition will be deductible for income tax purposes.

The following table summarizes the fair value, useful life and valuation methodology of each identifiable intangible asset.

<i>(in thousands)</i>	Fair Value	Useful Lives
Developed technology ⁽¹⁾	\$ 4,261	8
Customer relationships ⁽²⁾	2,131	8
In-process research and development ("IPR&D") ⁽³⁾	459	N.A.
Patents ⁽³⁾	524	8
Order Backlog ⁽⁴⁾	393	1
Total identifiable intangible assets	\$ 7,768	

(1) The fair value of developed technology was determined using the Relief-from-Royalty Method under the income approach.

(2) Customer relationships represent the fair value of the existing relationships using the Multi-Period Excess Earnings Method under the income approach.

(3) The fair value of IPR&D and Patents were determined using the Replacement Cost Method, a form of the cost approach.

(4) Order backlog represents primarily the fair value of purchase arrangements with customers using the Multi-Period Excess Earnings Method under the income approach.

IPR&D is recorded as an indefinite-lived intangible asset and not amortized, but rather is reviewed for impairment on an annual basis or more frequently if indicators of impairment are present, until the project is completed, abandoned, or transferred to a third party. Developed technology, customer relationships, patents and order backlog are amortized using a straight-line method, representing the Company's best estimate of the distribution of the economic value of the identifiable intangible assets.

For fiscal 2023, the acquired dispensing business unit contributed to a net loss of \$3.0 million.

For fiscal 2023, the Company incurred \$0.5 million of expenses related to the acquisition, which is included within selling, general and administrative expense in the Consolidated Statements of Operations.

The acquisition did not result in material contributions to revenue and net income in the consolidated financial statements for fiscal 2023. Additionally, pro forma financial information is not provided for consolidated revenue and net income as such amounts attributable to AJA were insignificant to the Company's consolidated financial statements taken as a whole.

NOTE 4: 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.

During the fiscal year ended September 30, 2023, 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. The Company concluded that a triggering event had occurred during the third quarter in the fiscal year ended September 30, 2023 in connection with the Lithography reporting unit, which is grouped within the "All Others" category. The triggering event occurred based on the long-term financial and business outlook for the Lithography reporting unit updated as part of the Company's annual strategic planning process performed during the third quarter. This updated outlook projected that the near-term projected cash flows are expected to be lower than previously forecasted due to a shift in market penetration timeline and increase in cost of materials being purchased. Under ASC 350, the Company is required to test its goodwill and other intangible assets for impairment annually or when a triggering event has occurred that would indicate it is more likely than not that the fair value of the reporting unit is less than the carrying value including goodwill and other intangible assets. Accordingly, the Company has performed the goodwill impairment test for the Lithography reporting unit with reference to the guidance under ASC 350.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The Company used a discounted cash flow model to determine the fair value of the Lithography reporting unit. The cash flow projections used within the discounted cash flow model were prepared using the forecasted financial results of the reporting unit, which was based upon underlying estimates of the total market size using independent third party industry reports, and market share data developed using the combination of independent third-party data and our internal data. Significant assumptions used to determine the fair value of the Lithography reporting unit include revenue forecasts, terminal growth rate of 2.5%, working capital, tax rate and a weighted average cost of capital (discount rate) of 11.7%.

In accordance with the guidance under ASC 350, the Company's impairment test is performed by comparing the fair value of a reporting unit with its carrying amount, and recognizing an impairment charge for the amount by which the carrying amount of the reporting unit exceeds its fair value. Based on the calculation, the Company determined that the carrying value exceeded the fair value of this reporting unit which resulted in a goodwill impairment charge of \$9.8 million, representing the entire goodwill assigned to this reporting unit. This goodwill impairment charge, which is a non-cash charge, has been reflected in the Company's Consolidated Statements of Operations for the fiscal year ended September 30, 2023.

While we have concluded that a triggering event for the other reporting units did not occur during the fiscal year ended September 30, 2023, 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 based on its reportable segments as of September 30, 2023 and October 1, 2022:

<i>(in thousands)</i>	Wedge Bonding Equipment	APS	All Others	Total
Balance at October 1, 2022 ⁽¹⁾	18,280	25,907	23,909	68,096
Acquired in business combination	—	—	27,975	27,975
Impairment charges	—	—	(9,794)	(9,794)
Other	—	202	2,194	2,396
Balance at September 30, 2023	18,280	26,109	44,284	88,673

(1) Cumulative goodwill impairment as of October 1, 2022 was approximately \$35.2 million.

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.

In connection with the evaluation of the goodwill impairment in the Lithography reporting unit performed during the third quarter of fiscal year ended September 30, 2023, the Company assessed tangible and intangible assets for impairment prior to performing the first step of the goodwill impairment test. The Company first compared the carrying value to the undiscounted cash flows of the reporting unit which was lower. Subsequently, the Company proceeded to measure the impairment loss by comparing the carrying value against the discounted cash flow model to determine the fair value of the asset group for the Lithography reporting unit, where significant assumptions include revenue forecasts, terminal growth rate of 2.5%, working capital, tax rate and a weighted average cost of capital (discount rate) of 11.7%.

As a result of the analysis, the Company determined an impairment charge of \$6.9 million on the developed technology reported within the "All Others" category for the fiscal year ended September 30, 2023. The impairment of intangible assets is a non-cash charge which has been reflected in the Company's Consolidated Statements of Operations for the fiscal year ended September 30, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table reflects net intangible assets as of September 30, 2023 and October 1, 2022:

<i>(dollar amounts in thousands)</i>	As of		Average estimated useful lives <i>(in years)</i>
	September 30, 2023	October 1, 2022	
Developed technology	\$ 80,959	\$ 89,017	6.0 to 15.0
Accumulated amortization	\$ (55,877)	\$ (58,636)	
Net developed technology	\$ 25,082	\$ 30,381	
Customer relationships	\$ 36,764	\$ 33,515	5.0 to 8.0
Accumulated amortization	\$ (34,789)	\$ (33,515)	
Net customer relationships	\$ 1,975	\$ —	
In-process research and development	\$ 459	\$ —	N.A.
Net in-process research and development	\$ 459	\$ —	
Trade and brand name	\$ 7,130	\$ 6,945	7.0 to 8.0
Accumulated amortization	\$ (7,130)	\$ (6,945)	
Net trade and brand name	\$ —	\$ —	
Other intangible assets	\$ 5,617	\$ 4,700	1.0 to 8.0
Accumulated amortization	\$ (3,776)	\$ (3,142)	
Net other intangible assets	\$ 1,841	\$ 1,558	
Net intangible assets	\$ 29,357	\$ 31,939	

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

<i>(in thousands)</i>	As of September 30, 2023
Fiscal 2024	\$ 5,154
Fiscal 2025	\$ 4,990
Fiscal 2026	\$ 4,990
Fiscal 2027	\$ 4,715
Fiscal 2028	\$ 4,290
Fiscal 2029 and thereafter	\$ 5,218
Total amortization expense	\$ 29,357

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

NOTE 5: 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 September 30, 2023:

<i>(dollar amounts in thousands)</i>	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 fiscal years ended 2023 and 2022.

Cash, cash equivalents, restricted cash and short-term investments consisted of the following as of October 1, 2022:

<i>(dollar amounts in thousands)</i>	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Current assets:				
Cash	\$ 173,402	\$ —	\$ —	\$ 173,402
Cash equivalents:				
Money market funds ⁽¹⁾	157,145	—	(20)	157,125
Time deposits ⁽²⁾	225,010	—	—	225,010
Total cash and cash equivalents	\$ 555,557	\$ —	\$ (20)	\$ 555,537
Short-term investments:				
Time deposits ⁽²⁾	220,000	—	—	220,000
Total short-term investments	\$ 220,000	\$ —	\$ —	\$ 220,000
Total cash, cash equivalents, restricted cash and short-term investments	\$ 775,557	\$ —	\$ (20)	\$ 775,537

(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 fiscal years ended 2023 and 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

NOTE 6: EQUITY INVESTMENTS

Equity investments consisted of the following as of September 30, 2023 and October 1, 2022:

(in thousands)	As of	
	September 30, 2023	October 1, 2022
Non-marketable equity securities	\$ 716	\$ 5,397

During the year ended September 30, 2023, the Company recorded an impairment of \$5.0 million on a non-marketable equity security without a readily determinable fair value. The entire amount of the investment in the non-marketable equity security was impaired due to a significant deterioration in the earnings performance of the equity investee. The impairment amount is recorded within "Selling, general and administrative expense" in the Consolidated Statement of Operations.

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 September 30, 2023, the Company has funded \$1.0 million into the affiliated investment fund and recognized an unrealized fair value loss of \$0.3 million on the Consolidated Statements of Operations. The Company has recorded the amount of funded capital that has been called as an equity investment.

NOTE 7: 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 fiscal year ended September 30, 2023.

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 8: 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 foreign currencies, primarily in Singapore.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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 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 Statements of Operations as the impact of the hedged transaction.

The fair value of derivative instruments on our Consolidated Balance Sheets as of September 30, 2023 and October 1, 2022 is as follows:

(in thousands)	As of			
	September 30, 2023		October 1, 2022	
	Notional Amount	Fair Value Liability Derivatives ⁽¹⁾	Notional Amount	Fair Value Liability Derivatives ⁽¹⁾
Derivatives designated as hedging instruments:				
Foreign exchange forward contracts ⁽²⁾	\$ 54,590	\$ (723)	\$ 57,570	\$ (2,234)
Total derivatives	\$ 54,590	\$ (723)	\$ 57,570	\$ (2,234)

(1) 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 Balance Sheets.

(2) Hedged amounts expected to be recognized into earnings within the next twelve months.

The effect of derivative instruments designated as cash flow hedges in our Consolidated Statements of Operations for the fiscal years ended September 30, 2023 and October 1, 2022 was as follows:

(in thousands)	Fiscal	
	2023	2022
Foreign exchange forward contract in cash flow hedging relationships:		
Net gain/(loss) recognized in OCI, net of tax ⁽¹⁾	\$ 2,381	\$ (2,694)
Net gain/(loss) reclassified from accumulated OCI into earnings, net of tax⁽²⁾	\$ 870	\$ (1,076)

(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 9: 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 September 30, 2023, four option to extend the lease were recognized as right-of-use ("ROU") assets and lease liabilities. We have lease agreements with lease and non-lease components, and non-lease components are accounted for separately and not included in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

our leased assets and corresponding liabilities. We have elected not to present short-term leases on the Consolidated 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 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 Balance Sheets. As of September 30, 2023, our finance leases are not material.

The following table shows the components of lease expense:

	Fiscal	
	2023	2022
<i>(in thousands)</i>		
Operating lease expense ⁽¹⁾	\$ 10,746	8,625

(1) Operating lease expense includes short-term lease expense, which is immaterial for the fiscal year ended September 30, 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 and finance lease liabilities, and, as such, are excluded from the amounts below:

	Fiscal	
	2023	2022
<i>(in thousands)</i>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 9,314	\$ 7,908

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

	Fiscal	
	2023	2022
<i>(in thousands)</i>		
Operating leases:		
Weighted-average remaining lease term (in years):	7.7	8.0
Weighted-average discount rate:	6.7 %	5.8 %

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

<i>(in thousands)</i>	Operating leases
Fiscal 2024	\$ 9,553
Fiscal 2025	9,180
Fiscal 2026	8,702
Fiscal 2027	6,796
Fiscal 2028	6,357
Fiscal 2029 and thereafter	22,307
Total minimum lease payments	62,895
Less: Interest	14,482
Present value of lease obligations	48,413
Less: Current portion	6,574
Long-term portion of lease obligations	\$ 41,839

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

NOTE 10: 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 September 30, 2023 and October 1, 2022, the outstanding amount was \$3.1 million and \$2.9 million respectively.

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 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 customary 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 September 30, 2023, there were no outstanding amounts under the Overdraft Facility.

NOTE 11: SHAREHOLDERS' EQUITY AND EMPLOYEE BENEFIT PLANS**401(k) Retirement Income Plans**

The Company has a 401(k) retirement plan (the "401(k) Plan") for eligible U.S. employees. The 401(k) Plan allows for employee contributions and matching Company contributions from 4% to 6% based upon terms and conditions of the 401(k) Plan.

The following table reflects the Company's contributions to the 401(k) Plan during fiscal 2023 and 2022:

(in thousands)	Fiscal	
	2023	2022
Cash	\$ 2,001	\$ 1,973

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 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 May 7, 2022, the Company entered into a written trading plan under Rule 10b5-1 of the Exchange Act to facilitate repurchases under the Program. This trading plan was most recently modified on May 29, 2023. 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 fiscal year ended September 30, 2023, the Company repurchased a total of approximately 1,515.0 thousand shares of common stock at a cost of approximately \$68.1 million. The stock repurchases were recorded in the periods they were delivered and accounted for as treasury stock in the Company's Consolidated Balance Sheets. The Company records treasury stock purchases under the cost method using the first-in, first-out (FIFO) method. Upon reissuance 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

As of September 30, 2023, our remaining stock repurchase authorization under the Program was approximately \$181.0 million.

Dividends

On August 23, 2023, June 8, 2023, March 2, 2023 and November 16, 2022, the Board of Directors declared a quarterly dividend \$0.19 per share of common stock. During the fiscal year ended September 30, 2023, the Company declared dividends of \$0.76 per share of common stock. The declaration of any future cash dividend is at the discretion of the Board of Directors, subject to applicable laws, 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 stockholders.

Accumulated Other Comprehensive Income

The following table reflects the accumulated other comprehensive loss reflected on the Consolidated Balance Sheets as of September 30, 2023 and October 1, 2022:

<i>(in thousands)</i>	As of	
	September 30, 2023	October 1, 2022
Loss from foreign currency translation adjustments	\$ (20,178)	\$ (29,854)
Unrecognized actuarial loss on pension plan, net of tax	(861)	(812)
Unrealized loss on hedging	(723)	(2,234)
Accumulated other comprehensive loss	\$ (21,762)	\$ (32,900)

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 September 30, 2023, 2.5 million shares of common stock are available for grant to the Company's employees and directors under the Plan.

- Relative TSR 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 relative total shareholder return ("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 Statements of Operations for fiscal 2023, 2022, and 2021 was based upon awards ultimately expected to vest, with forfeiture accounted for when they occur.

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table reflects the total equity-based compensation expense, which includes Relative TSR PSUs, Time-based RSUs, Growth PSUs, and common stock, included in the Consolidated Statements of Operations for fiscal 2023, 2022, and 2021:

<i>(in thousands)</i>	Fiscal		
	2023	2022	2021
Cost of sales	\$ 1,192	\$ 960	\$ 828
Selling, general and administrative	16,239	13,911	10,998
Research and development	5,313	4,115	3,676
Total equity-based compensation expense	\$ 22,744	\$ 18,986	\$ 15,502

The following table reflects the equity-based compensation expense, by type of award, for fiscal 2023, 2022, and 2021:

<i>(in thousands)</i>	Fiscal		
	2023	2022	2021
Relative TSR PSUs	4,949	4,255	3,916
Time-based RSUs	14,304	11,655	10,314
Growth PSUs	2,491	2,127	444
Common stock	1,000	949	828
Total equity-based compensation expense	\$ 22,744	\$ 18,986	\$ 15,502

Equity-Based Compensation: Relative TSR PSUs

The following table reflects the Relative TSR PSUs activity for fiscal 2023, 2022, and 2021:

	<i>Number of shares (in thousands)</i>	<i>Unrecognized compensation expense (in thousands)</i>	<i>Average remaining service period (in years)</i>	<i>Weighted average grant date fair value per share</i>
Relative TSR PSUs outstanding as of October 3, 2020	403	\$ 4,198	1.1	
Granted	155			\$ 28.21
Forfeited or expired	(6)			
Vested	(108)			
Relative TSR PSUs outstanding as of October 2, 2021	444	\$ 4,455	1.1	
Granted	152			\$ 52.18
Forfeited or expired	(11)			
Vested	(205)			
Relative TSR PSUs outstanding as of October 1, 2022	380	\$ 4,619	0.9	
Granted	187			\$ 48.35
Forfeited or expired	(3)			
Vested	(197)			
Relative TSR PSUs outstanding as of September 30, 2023	367	\$ 5,939	1.0	

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table reflects the assumptions used to calculate compensation expense related to the Company's Relative TSR PSUs issued during fiscal 2023, 2022, and 2021:

	Fiscal			
	2023	2022	2021	2020
Grant price	\$ 37.50	\$ 49.20	\$ 23.88	\$ 23.88
Expected dividend yield	1.81 %	1.14 %	2.01 %	2.01 %
Expected stock price volatility	53.79 %	48.50 %	45.15 %	45.15 %
Risk-free interest rate	4.42 %	0.68 %	0.21 %	0.21 %

Equity-Based Compensation: Time-based RSUs

The following table reflects the Time-based RSUs activity for fiscal 2023, 2022, and 2021:

	Number of shares (in thousands)	Unrecognized compensation expense (in thousands)	Average remaining service period (in years)	Weighted average grant date fair value per share
Time-based RSUs outstanding as of October 3, 2020	788	\$ 10,480	1.6	
Granted	486			\$ 24.34
Forfeited or expired	(24)			
Vested	(333)			
Time-based RSUs outstanding as of October 2, 2021	917	\$ 11,420	1.4	
Granted	301			\$ 49.47
Forfeited or expired	(29)			
Vested	(453)			
Time-based RSUs outstanding as of October 1, 2022	736	\$ 13,752	1.2	
Granted	513			\$ 37.64
Forfeited or expired	(28)			
Vested	(389)			
Time-based RSUs outstanding as of September 30, 2023	832	\$ 17,693	1.5	

KULICKE AND SOFFA INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
Equity-Based Compensation: Growth PSUs

The following table reflects the Growth PSUs activity for fiscal 2023, 2022, and 2021:

	Number of shares (in thousands)	Unrecognized compensation expense (in thousands)	Average remaining service period (in years)	Weighted average grant date fair value per share
Special/Growth PSUs outstanding as of October 3, 2020	151	\$ 1,252	1.1	
Granted	52			\$ 24.01
Forfeited or expired	(34)			
Vested	(17)			
Special/Growth PSUs outstanding as of October 2, 2021	152	\$ 1,247	1.0	
Granted	79			\$ 49.26
Forfeited or expired	(4)			
Vested	(100)			
Special/Growth PSUs outstanding as of October 1, 2022	127	\$ 1,405	0.9	
Granted	91			\$ 37.55
Forfeited or expired	(1)			
Vested	(95)			
Special/Growth PSUs outstanding as of September 30, 2023	122	\$ 1,626	1.0	

As of September 30, 2023, there were no employee stock options.

Equity-Based Compensation: Non-Employee Directors

The 2021 Equity Plan provides for the grant of common stock to each non-employee director upon initial election to the board and on the first business day of each calendar quarter while serving on the board. The grant to a non-employee director upon initial election to the board is that number of common stock closest in value to, without exceeding, \$120,000. The quarterly grant to a non-employee director upon the first business day of each calendar quarter is that number of common stock closest in value to, without exceeding, \$39,500.

The following table reflects shares of common stock issued to non-employee directors and the corresponding fair value for fiscal 2023, 2022, and 2021:

(in thousands)	Fiscal		
	2023	2022	2021
Number of common stock issued	21	18	22
Fair value based upon market price at time of issue	\$ 1,000	\$ 949	\$ 828

Pension Plan

The following table reflects the Company's defined benefits pension obligations, mainly in Switzerland and Taiwan, as of September 30, 2023 and October 1, 2022:

(in thousands)	As of	
	September 30, 2023	October 1, 2022
Switzerland pension obligation	\$ 1,119	\$ 1,038
Taiwan pension obligation	1,257	1,189

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Other Plans

Some of the Company's other foreign subsidiaries have retirement plans that are integrated with and supplement the benefits provided by laws of the various countries. These other plans are not required to report nor do they determine the actuarial present value of accumulated benefits or net assets available for plan benefits as they are defined contribution plans.

NOTE 12: 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 fiscal years ended September 30, 2023, and October 1, 2022, service revenue is not material. Please refer to Note 1: Basis of Presentation — *Revenue Recognition*, for additional disclosure on the Company's revenue recognition policy.

The Company reports revenue based on our 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 16: Segment Information, for disclosure of revenue by segments and end markets.

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 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 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.

The following table shows the changes in contract asset balances during the fiscal years ended September 30, 2023 and October 1, 2022:

<i>(in thousands)</i>	Fiscal	
	2023	2022
Contract assets, beginning of period	\$ 26,317	\$ —
Additions	4,230	51,774
Transferred to accounts receivable or collected	(20,366)	(25,457)
Contract assets, end of period	\$ 10,181	\$ 26,317

The following table shows the changes in contract liability balances during the fiscal years ended September 30, 2023 and October 1, 2022:

<i>(in thousands)</i>	Fiscal	
	2023	2022
Contract liabilities, beginning of period	\$ 3,160	\$ 15,596
Revenue recognized	(38,435)	(116,399)
Additions	40,072	103,963
Contract liabilities, end of period	\$ 4,797	\$ 3,160

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

NOTE 13: EARNINGS PER SHARE

Basic 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.

The following table reflects a reconciliation of the shares used in the basic and diluted net income per share computation for fiscal 2023, 2022, and 2021:

<i>(in thousands, except per share)</i>	Fiscal					
	2023		2022		2021	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
NUMERATOR:						
Net income	\$ 57,148	\$ 57,148	\$ 433,545	\$ 433,545	\$ 367,161	\$ 367,161
DENOMINATOR:						
Weighted average shares outstanding - Basic	56,682	56,682	60,164	60,164	62,009	62,009
Dilutive effect of Equity Plans		866		1,018		1,506
Weighted average shares outstanding - Diluted		57,548		61,182		63,515
EPS:						
Net income per share - Basic	\$ 1.01	\$ 1.01	\$ 7.21	\$ 7.21	\$ 5.92	\$ 5.92
Effect of dilutive shares		\$ (0.02)		\$ (0.12)		\$ (0.14)
Net income per share - Diluted		\$ 0.99		\$ 7.09		\$ 5.78
Anti-dilutive shares ⁽¹⁾		15		1		2

(1) Represents the Relative TSR PSUs and Growth PSUs that are excluded from the calculation of diluted earnings per share for fiscal 2023, 2022, and 2021 as the effect would have been anti-dilutive.

NOTE 14: OTHER FINANCIAL DATA

The following table reflects the other financial data for fiscal 2023, 2022, and 2021:

<i>(in thousands)</i>	Fiscal		
	2023	2022	2021
Incentive compensation expense	\$ 10,424	\$ 27,011	\$ 39,779
Warranty and retrofit expense	13,729	16,349	22,068

NOTE 15: INCOME TAXES

The following table reflects the U.S. and foreign income (loss) before income taxes for fiscal 2023, 2022, and 2021:

<i>(in thousands)</i>	Fiscal		
	2023	2022	2021
United States	\$ (5,635)	\$ (11,415)	\$ (8,853)
Foreign	77,836	488,403	423,403
Income before income taxes	\$ 72,201	\$ 476,988	\$ 414,550

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table reflects the current and deferred components of provision for (benefit from) income taxes for fiscal 2023, 2022, and 2021:

(in thousands)	Fiscal		
	2023	2022	2021
Current:			
Federal	\$ 10,412	\$ 14,975	\$ 26,563
State	(128)	246	261
Foreign	8,830	37,448	30,771
Deferred:			
Federal	1,304	(5,809)	(2,979)
State	—	—	—
Foreign	(5,365)	(3,417)	(7,321)
Provision for income taxes	\$ 15,053	\$ 43,443	\$ 47,295

The following table reconciles the provision for (benefit from) income taxes with the expected income tax provision computed based on the applicable U.S. federal statutory tax rate for fiscal 2023, 2022, and 2021:

(dollar amounts in thousands)	Fiscal		
	2023	2022	2021
Expected income tax provision based on the U.S. federal statutory tax rate	\$ 15,162	\$ 100,212	\$ 86,915
Effect of earnings of foreign subsidiaries subject to different tax rates	(8,448)	(17,936)	(15,028)
Benefit from tax incentives	(11,198)	(50,113)	(45,501)
Benefit from research and development tax credits	(4,038)	(2,995)	(2,705)
Benefit from foreign tax credits	(7,834)	(26,021)	(20,281)
Valuation allowance	3,127	(5,830)	(11,620)
Foreign operations (Deemed income, taxes on undistributed foreign earnings, and withholding taxes)	24,450	45,421	52,414
Goodwill impairment	2,517	—	—
Other, net ⁽¹⁾	1,315	705	3,101
Provision for income taxes	\$ 15,053	\$ 43,443	\$ 47,295
Effective tax rate	20.8 %	9.1 %	11.4 %

(1) Certain balances in fiscal 2022 and 2021 have been reclassified to conform to the current period presentation. These reclassifications have no impact to the consolidated financial statements in fiscal 2022 and 2021.

As of September 30, 2023, a large portion of the Company's undistributed foreign earnings are not considered to be indefinitely reinvested outside the U.S. and are expected to be available for use in the U.S. without incurring additional U.S. income tax. Determination of the amount of unrecognized deferred tax liabilities related to the indefinitely reinvested undistributed foreign earnings is not practicable.

Further, we operate in a number of foreign jurisdictions, including Singapore, where we have a tax incentive that allows for a reduced tax rate on certain classes of income, provided the Company meets certain employment and investment conditions through the expiration date in fiscal 2025. In fiscal 2023, 2022, and 2021, the tax incentive arrangement helped to reduce the Company's provision for income taxes by \$11.2 million or \$0.19 per share, \$50.1 million or \$0.82 per share and \$45.5 million or \$0.72 per share, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table reflects the deferred tax balances based on the tax effects of cumulative temporary differences for fiscal 2023 and 2022:

<i>(in thousands)</i>	Fiscal	
	2023	2022
Accruals and reserves	\$ 13,118	\$ 14,168
Capitalized Research ⁽¹⁾	12,529	25,105
Tax credit carryforwards	5,026	3,893
Net operating loss carryforwards	26,607	15,329
Gross deferred tax assets	\$ 57,280	\$ 58,495
Valuation allowance	\$ (21,483)	\$ (21,750)
Deferred tax assets, net of valuation allowance	\$ 35,797	\$ 36,745
Fixed and intangible assets ⁽¹⁾	\$ (16,357)	\$ (19,142)
Taxes on undistributed foreign earnings	(25,153)	(26,068)
Deferred tax liabilities	\$ (41,510)	\$ (45,210)
Net deferred tax liabilities	\$ (5,713)	\$ (8,465)
Reported as		
Deferred tax assets	\$ 31,551	\$ 25,572
Deferred tax liabilities	(37,264)	(34,037)
Net deferred tax liabilities	\$ (5,713)	\$ (8,465)

(1) Certain balances in fiscal 2022 have been reclassified to conform to the current period presentation. These reclassifications have no impact to the consolidated financial statements in fiscal 2022.

As of September 30, 2023, the Company has foreign net operating loss carryforwards of \$89.7 million, state net operating loss carryforwards of \$35.0 million, and U.S. federal and state tax credit carryforwards of \$7.8 million that can be used to offset future income tax obligations. These net operating loss and tax credit carryforwards can be utilized prior to their expiration dates in fiscal years 2024 through 2042, except for certain credits and foreign net operating losses that can be carried forward indefinitely. The Company has recorded valuation allowances against certain foreign and state net operating loss carryforwards and state tax credits which are expected to expire unutilized.

The following table reconciles the beginning and ending balances of the Company's unrecognized tax benefit, excluding related accrued interest and penalties, for fiscal 2023, 2022, and 2021:

<i>(in thousands)</i>	Fiscal		
	2023	2022	2021
Unrecognized tax benefit, beginning of year	\$ 16,623	\$ 14,922	\$ 13,064
Additions for tax positions, current year	1,493	2,288	4,003
Reductions for tax positions, prior year	(1,497)	(587)	(2,145)
Unrecognized tax benefit, end of year	\$ 16,619	\$ 16,623	\$ 14,922

The Company recognizes interest and penalties related to potential income tax liabilities as a component of unrecognized tax benefit and in provision for income taxes. The amount of interest and penalties related to unrecognized tax benefit recorded in fiscal 2023 provision for income taxes is not material. As of September 30, 2023, the Company has recognized \$2.8 million of accrued interest and penalties related to unrecognized tax benefit within the income tax payable for uncertain tax positions and approximately \$17.9 million of unrecognized tax benefit, including related interest and penalties, that if recognized, would impact the Company's effective tax rate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

It is reasonably possible that the amount of the unrecognized tax benefit with respect to certain uncertain tax positions will increase or decrease during the next 12 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 practicably estimate the financial outcomes of these examinations.

The Company files a U.S. federal income tax return, as well as income tax returns in various state and foreign jurisdictions. For U.S. federal income tax returns purposes, tax years from fiscal 2020 remain subject to examination. For most state tax returns, tax years following fiscal 2004 remain subject to examination as a result of the generation of net operating loss carryforwards. In the foreign jurisdictions where the Company files income tax returns, the statutes of limitations with respect to these jurisdictions vary from jurisdiction to jurisdiction and range from 4 to 6 years. The Company's tax returns are currently under examination by tax authorities in multiple state and foreign jurisdictions. The Company believes that adequate provisions have been made for any adjustments that may result from the examination.

NOTE 16: 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.

The Company operates four reportable segments consisting of: (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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table reflects the operating information by reportable segment for fiscal 2023, 2022, and 2021:

<i>(in thousands)</i>	Fiscal		
	2023	2022	2021
Net revenue:			
Ball Bonding Equipment	\$ 287,465	\$ 909,428	\$ 1,016,663
Wedge Bonding Equipment	175,550	194,086	138,836
Advanced Solutions	72,256	94,683	35,123
APS	160,718	197,152	205,088
All Others	46,502	108,271	121,954
Net revenue	<u>742,491</u>	<u>1,503,620</u>	<u>1,517,664</u>
Income/(loss) from operations:			
Ball Bonding Equipment	\$ 81,929	385,276	401,450
Wedge Bonding Equipment	63,088	66,649	34,563
Advanced Solutions	(32,530)	(15,389)	(40,759)
APS	47,654	82,473	75,400
All Others	(36,797)	25,732	20,565
Corporate Expenses	(83,907)	(74,669)	(78,772)
Income from Operations	<u>39,437</u>	<u>470,072</u>	<u>412,447</u>

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 the net revenue by end markets served for fiscal 2023, 2022, and 2021:

<i>(in thousands)</i>	Fiscal		
	2023	2022	2021
General Semiconductor	\$ 333,937	\$ 843,763	\$ 928,259
Automotive & Industrial	175,249	198,138	129,817
LED	50,166	137,077	187,568
Memory	22,421	127,490	66,932
APS	160,718	197,152	205,088
Total revenue	<u>\$ 742,491</u>	<u>\$ 1,503,620</u>	<u>\$ 1,517,664</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following tables reflect the capital expenditures, depreciation and amortization expense by reportable segment for fiscal 2023, 2022, and 2021:

<i>(in thousands)</i>	Fiscal		
	2023	2022	2021
Capital expenditures:			
Ball Bonding Equipment	\$ 1,087	\$ 978	\$ 1,627
Wedge Bonding Equipment	436	1,450	387
Advanced Solutions	30,522	19,036	6,090
APS	5,298	4,964	5,286
All Others	\$ 658	\$ 1,364	\$ 1,046
Corporate Expenses	9,701	4,441	8,119
Capital expenditures	<u>\$ 47,702</u>	<u>\$ 32,233</u>	<u>\$ 22,555</u>

<i>(in thousands)</i>	Fiscal		
	2023	2022	2021
Depreciation expense:			
Ball Bonding Equipment	\$ 1,538	\$ 1,398	\$ 1,153
Wedge Bonding Equipment	1,169	981	940
Advanced Solutions	7,706	2,034	845
APS	6,166	6,632	5,969
All Others	\$ 1,505	\$ 1,047	\$ 1,179
Corporate Expenses	4,674	4,284	3,750
Depreciation expense	<u>\$ 22,758</u>	<u>\$ 16,376</u>	<u>\$ 13,836</u>

<i>(in thousands)</i>	Fiscal		
	2023	2022	2021
Amortization expense:			
Ball Bonding Equipment	\$ —	\$ —	\$ —
Wedge Bonding Equipment	—	—	—
Advanced Solutions	—	—	—
APS	896	994	2,319
All Others	\$ 4,837	\$ 3,557	\$ 3,369
Corporate Expenses	366	366	286
Amortization expense	<u>\$ 6,099</u>	<u>\$ 4,917</u>	<u>\$ 5,974</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Geographical information

The following tables reflect destination sales to unaffiliated customers by country and long-lived assets by country for fiscal 2023, 2022, and 2021:

(in thousands)	Fiscal		
	2023	2022	2021
Destination sales to unaffiliated customers:			
China	\$ 335,393	\$ 855,345	\$ 843,470
United States	65,705	83,906	54,353
Taiwan	66,358	123,995	275,251
Malaysia	64,013	126,520	70,253
Japan	35,849	18,092	11,850
Philippines	31,527	44,510	17,651
Korea	17,977	87,647	58,308
Hong Kong	13,933	27,216	82,436
All other ⁽¹⁾	111,736	136,389	104,092
Total destination sales to unaffiliated customers	\$ 742,491	\$ 1,503,620	\$ 1,517,664

(1) Certain balances in fiscal 2022 and 2021 have been reclassified to conform to the current period presentation. These reclassifications have no impact to the consolidated financial statements in fiscal 2022 and 2021.

(in thousands)	Fiscal	
	2023	2022
Long-lived assets:		
Singapore	\$ 95,489	\$ 59,672
United States	24,894	31,469
China	17,717	19,548
Israel	9,264	10,610
All others	13,774	9,647
Total long-lived assets	\$ 161,138	\$ 130,946

NOTE 17: 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 to correct product failures during the warranty period.

The following table reflects the reserve for product warranty activity for fiscal 2023, 2022, and 2021:

(in thousands)	Fiscal		
	2023	2022	2021
Reserve for warranty, beginning of period	\$ 13,443	\$ 16,961	\$ 9,576
Provision for warranty	12,850	12,907	18,889
Utilization of reserve	(15,836)	(16,425)	(11,504)
Reserve for warranty, end of period	\$ 10,457	\$ 13,443	\$ 16,961

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Other Commitments and Contingencies

The following table reflects the obligations not reflected on the Consolidated Balance Sheets as of September 30, 2023:

(in thousands)	Total	Payments due by fiscal year				
		2024	2025	2026	2027	Thereafter
Inventory purchase obligation ⁽¹⁾	\$ 182,567	\$ 182,567	\$ —	\$ —	\$ —	\$ —

(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 September 30, 2023, the Company also has an obligation to fund uncalled capital commitments of approximately \$9.0 million, as and when required, in relation to its investment in a private equity fund.

Concentrations

The following table reflect the significant customer concentrations as a percentage of net revenue for fiscal 2023, 2022, and 2021:

	Fiscal		
	2023	2022	2021
ASE Technology Holding	*	*	17.4 %

* Represents less than 10% of total net revenue

The following table reflects the significant customer concentrations as a percentage of total accounts receivable as of September 30, 2023 and October 1, 2022:

	As of	
	September 30, 2023	October 1, 2022
Tianshui Huatian Technology Co., Ltd.	*	16.7 %
Haoseng Industrial Co., Ltd. ⁽¹⁾	*	12.6 %

⁽¹⁾ Distributor of the Company's products

* Represents less than 10% of total accounts receivables

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. 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 September 30, 2023. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2023, 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 Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission'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.

Management's Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. The Company's 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 generally accepted accounting principles in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles; provide reasonable assurance that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated the effectiveness of the Company's internal control over financial reporting as of September 30, 2023. In making this assessment, management used the framework established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management's assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of our internal control over financial reporting. Management reviewed the results of its assessment with the Audit Committee of the Company's Board of Directors.

We completed the acquisition of Advanced Jet Automation Co., Ltd. ("AJA") on February 22, 2023, as discussed in Note 3: Business Combination of the Notes to the Consolidated Financial Statements. On March 30, 2023, AJA was renamed Kulicke and Soffa Hi-Tech Co., Ltd. ("K&S Hi-Tech"). Although existing event driven controls were followed related to the business combination accounting for the acquisition, management has excluded K&S Hi-Tech from its assessment of the Company's internal control over financial reporting for the fiscal year ending September 30, 2023. As of September 30, 2023, K&S Hi-Tech total assets and total revenues represent less than 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended September 30, 2023. See Note 3 of our Notes to Consolidated Financial Statements for more information. This exclusion is in accordance with the SEC's general guidance that an assessment of a recently acquired business may be omitted from our scope in the first fiscal year in which the acquisition occurred.

Based on that assessment, management has concluded that, as of September 30, 2023, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of September 30, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report, which appears in Part II, Item 8 of this Form 10-K.

Remediation of Previously Disclosed Material Weakness

As described in Part II, Item 9A “Controls and Procedures” of our 2022 Annual Report, we identified a material weakness in our internal control over financial reporting that existed as of October 1, 2022 and which related to a design gap in the existing review of our segment reporting process, which failed to (a) identify all of the key metrics used by the CODM to evaluate performance and allocate resources, (b) assess in totality the level of information provided to and utilized by the CODM to evaluate performance and allocate resources, and (c) appropriately analyze every factor pertinent to whether operating segments share economic similarities that is required for aggregation under ASC 280. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The Company has implemented remediation steps to address the material weakness and improve our internal control over financial reporting. Specifically, we have designed and implemented a segment review control which (a) identifies all of the key metrics used by the CODM to evaluate performance and allocate resources, (b) assesses in totality the level of information provided to and utilized by the CODM to evaluate performance and allocate resources, and (c) appropriately analyzes every factor pertinent to whether operating segments share economic similarities that is required for aggregation under ASC 280. As part of the design and implementation of the segment review control that was completed in the fourth quarter, the Company engaged an outside consultant to assist management on the development of the segment analysis framework. Testing of both the design and operating effectiveness of the Company’s enhanced controls was completed, and management concluded that the material weakness described above had been fully remediated as of September 30, 2023.

Changes in Internal Control over Financial Reporting

Other than the completion remediation actions described above, there has been no change in the Company’s internal control over financial reporting during the three months ended September 30, 2023, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. 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 September 30, 2023, as such terms are defined under Item 408(a) of Regulation S-K.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by Item 401 of Regulation S-K with respect to the directors and executive officers will appear under the heading “ITEM 1—ELECTION OF DIRECTORS” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference. The other information required by Item 401 of Regulation S-K will appear under the heading “CORPORATE GOVERNANCE” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

The information required by Item 405 of Regulation S-K will appear, as applicable, under the heading “CORPORATE GOVERNANCE—Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

The information required by Item 406 of Regulation S-K will appear under the heading “CORPORATE GOVERNANCE—Code of Ethics” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

The information required by Item 407(c)(3) of Regulation will appear under the headings “CORPORATE GOVERNANCE—Committees of the Board of Directors—Nominating and Governance Committee” and “Shareholder Proposals” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

The information required by Items 407(d)(4) and (d)(5) of Regulation S-K will appear under the heading “CORPORATE GOVERNANCE—Committees of the Board of Directors—Audit Committee” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The information required by Item 402 of Regulation S-K will appear under the heading “COMPENSATION OF EXECUTIVE OFFICERS,” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

The information required by Item 407(e)(4) of Regulation S-K will appear under the heading “CORPORATE GOVERNANCE—Management Development and Compensation Committee Interlocks and Insider Participation” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

The information required by Item 407(e)(5) of Regulation S-K will appear under the heading “MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE REPORT” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required under Item 403 of Regulation S-K concerning security ownership of certain beneficial owners and management will appear under the headings “CORPORATE GOVERNANCE—Security Ownership Of Certain Beneficial Owners” and “CORPORATE GOVERNANCE—SECURITY OWNERSHIP OF DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS”, in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

The information required by Item 201(d) of Regulation S-K relating to securities authorized for issuance under equity compensation plans is included under the heading “EQUITY COMPENSATION PLAN INFORMATION” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by Item 404 of Regulation S-K will appear under the heading “CORPORATE GOVERNANCE—Certain Relationships and Related Transactions” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

The information required by Section 407(a) of Regulation S-K will appear under the heading “CORPORATE GOVERNANCE—Board Matters” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent public accounting firm is PricewaterhouseCoopers LLP, Singapore, PCAOB ID 1093.

The information required hereunder will appear under the heading “AUDIT AND RELATED FEES” in the Company’s Proxy Statement for the 2024 Annual Meeting of Shareholders, which information is incorporated herein by reference.

Part IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

	<u>Page</u>
(1) Financial Statements: See our consolidated financial statements under Item 8	
(2) Financial Statement Schedule: Schedule II - Valuation and Qualifying Accounts All other schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or notes thereto.	84
(3) Exhibits: See "Exhibit Index" within Item 15 below.	85

KULICKE AND SOFFA INDUSTRIES, INC.
Schedule II-Valuation and Qualifying Accounts
(in thousands)

Fiscal 2023:	Beginning of period	Charged to Costs and Expenses	Other Additions	Other Deductions		End of period
Allowance for doubtful accounts	\$ —	\$ 49	\$ —	\$ —	(1)	\$ 49
Inventory reserve	\$ 19,238	\$ 4,284	\$ —	\$ (2,237)	(2)	\$ 21,285
Valuation allowance for deferred taxes	\$ 21,750	\$ —	\$ —	\$ (267)	(3)	\$ 21,483
Fiscal 2022:						
Allowance for doubtful accounts	\$ 687	\$ (245)	\$ —	\$ (442)	(1)	\$ —
Inventory reserve	\$ 23,042	\$ (2,171)	\$ —	\$ (1,633)	(2)	\$ 19,238
Valuation allowance for deferred taxes	\$ 34,095	\$ —	\$ —	\$ (12,345)	(3)	\$ 21,750
Fiscal 2021:						
Allowance for doubtful accounts	\$ 968	\$ (248)	\$ —	\$ (33)	(1)	\$ 687
Inventory reserve	\$ 31,163	\$ (2,965)	\$ —	\$ (5,156)	(2)	\$ 23,042
Valuation allowance for deferred taxes	\$ 46,561	\$ —	\$ —	\$ (12,466)	(3)	\$ 34,095

(1) Represents write-offs of specific accounts receivable.

(2) Sale or scrap of previously reserved inventory.

(3) Reflects the net decrease in the valuation allowance primarily associated with the Company's utilization of certain U.S. and foreign net operating losses for which a valuation allowance had previously been recorded, partially offset by an increase for U.S. and foreign tax credits, U.S. and foreign net operating losses and other deferred tax assets.

EXHIBIT INDEX

EXHIBIT NUMBER	ITEM
3.1	The Company's Amended and Restated Articles of Incorporation, dated December 5, 2007, is 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, 2023, is incorporated herein by reference to Exhibit 3(i) to the Company's Current Report on Form 8-K dated October 13, 2023.
4.1	Specimen Common Share Certificate of Kulicke and Soffa Industries Inc., is incorporated herein by reference to Exhibit 4 to the Company's Form-8A12G/A dated September 11, 1995, SEC file number 000-00121.
4.2	Description of the Company's securities.
10.1	Kulicke & Soffa Industries, Inc. Executive Severance Pay Plan, dated as of August 9, 2011, is incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 12, 2011.*
10.2	Kulicke & Soffa Industries, Inc. Officer Severance Pay Plan, dated as of August 9, 2011, is incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on August 12, 2011.*
10.3	Form of Change of Control Agreement, is incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on August 12, 2011.*
10.4	Form of Director Indemnification Agreement is incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 10, 2013.*
10.5	Lease Agreement between DBS Trustee Limited, as trustee of Mapletree Industrial Trust, and the Kulicke & Soffa Pte. Ltd, dated December 1, 2013, is incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 5, 2013.
10.6	Lease Agreement Variation Letter between DBS Trustee Limited, as trustee of Mapletree Industrial Trust, and the Kulicke & Soffa Pte. Ltd, dated December 1, 2013, is incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 5, 2013.
10.7	Lease Agreement between DBS Trustee Limited, as trustee of Mapletree Industrial Trust, and Kulicke & Soffa Pte. Ltd, dated October 23, 2023.
10.8	Form of Officer Indemnification Agreement is incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 11, 2013.*
10.9	Offer Letter between Kulicke and Soffa Industries, Inc. and Fusen Chen dated October 3, 2016, incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on October 3, 2016.*
10.10	2017 Equity Plan is incorporated herein by reference to Appendix A to the Company's Proxy Statement on Schedule 14A for the annual meeting of shareholders on March 14, 2017.*
10.11	Form of Performance Share Unit Award Agreement regarding the 2017 Equity Plan is incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on November 6, 2017.
10.12	Form of Restricted Share Unit Award Agreement regarding the 2017 Equity Plan is incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on November 6, 2017.
10.13	The Company's 2021 Omnibus Incentive Plan is incorporated herein by reference to the Company's Proxy Statement on Schedule 14A for the annual meeting of shareholders on March 4, 2021.
10.14	Form of CEO Performance Share Unit Award Agreement (Growth PSUs) regarding the 2021 Omnibus Incentive Plan.
10.15	Form of Executive Performance Share Unit Award Agreement (Growth PSUs) regarding the 2021 Omnibus Incentive Plan.
10.16	Form of CEO Performance Share Unit Award Agreement (Relative TSR) regarding the 2021 Omnibus Incentive Plan.
10.17	Form of Executive Performance Share Unit Award Agreement (Relative TSR) regarding the 2021 Omnibus Incentive Plan.
10.18	Form of Restricted Stock Unit Award Agreement regarding the 2021 Omnibus Incentive Plan.

10.19	Incentive Compensation Plan Fiscal Year 2023.
10.20	Clawback Policy adopted as of October 12, 2023.
10.21	Insider Trading Policy.
21.1	Subsidiaries of the Company.
23.1	Consent of PricewaterhouseCoopers LLP (Independent Registered Public Accounting Firm).
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).
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).
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.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 in Inline XBRL and contained in Exhibit 101).

* Indicates a management contract or compensatory plan or arrangement

** Copies of certain instruments defining the rights of holders of certain of our long-term debt are not filed herewith. We hereby agree to furnish a copy of any such instrument to the SEC upon request.

Item 16. Form 10-K Summary

None.

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.

By: /s/ FUSEN CHEN
Fusen Chen
President and Chief Executive Officer

Dated: November 16, 2023

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ FUSEN CHEN</u> Fusen Chen	President and Chief Executive Officer <u>(Principal Executive Officer)</u>	November 16, 2023
<u>/s/ LESTER WONG</u> Lester Wong	Executive Vice President and Chief Financial Officer <u>(Principal Financial Officer and Principal Accounting Officer)</u>	November 16, 2023
<u>/s/ JON A. OLSON</u> Jon A. Olson	Director	November 16, 2023
<u>/s/ GREGORY F. MILZCIK</u> Gregory F. Milzcik	Director	November 16, 2023
<u>/s/ CHIN HU LIM</u> Chin Hu Lim	Director	November 16, 2023
<u>/s/ JEFF RICHARDSON</u> David J. Richardson	Director	November 16, 2023
<u>/s/ MUI SUNG YEO</u> Mui Sung Yeo	Director	November 16, 2023
<u>/s/ PETER T. KONG</u> Peter T. Kong	Director	November 16, 2023
<u>/s/ DENISE M. DIGNAM</u> Denise M. Dignam	Director	November 16, 2023

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

The following is a general description of the common stock of Kulicke and Soffa Industries, Inc. (the "Company") and does not purport to be complete. For a complete description of the terms and provisions of the common stock, refer to the Company's Amended and Restated Articles of Incorporation (the "Articles of Incorporation") and Amended and Restated By-Laws (the "By-Laws"), each of which is an exhibit incorporated by reference into the Annual Report on Form 10-K of which this exhibit is a part. This summary is qualified in its entirety by reference to these documents.

Authorized Capital Stock

The authorized shares of the Company consist of two hundred million (200,000,000) shares of common stock without par value ("Common Stock"), and five million (5,000,000) shares of preferred stock without par value ("Preferred Stock"). As of November 13, 2023, there were 56,720,044 shares of the Company's Common Stock outstanding, and no shares of Preferred Stock were outstanding.

The Company's board of directors may, without further action by the shareholders, issue a series of Preferred Stock and fix the rights and preference of those shares, including the dividend rights, dividend rates, conversion rights, exchange rights, voting rights, terms of redemption, redemption price or prices, liquidation and other preferences and priorities and the number of shares constituting any series or the designation of such series. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any Preferred Stock so issued. All of the five million authorized shares of Preferred Stock are currently undesignated.

Description of Common Stock

Each share of the Company's Common Stock has the same rights and privileges. Holders of Common Stock do not have any preferences or any preemptive, conversion or exchange rights. All of our outstanding shares of Common Stock are fully paid and nonassessable.

Voting Rights

The holders of Common Stock of the Company are entitled to vote upon all matters submitted to a vote of the Company's shareholders and are entitled to one vote for each share of Common Stock held.

Quorum; Voting Standards

The presence of a majority of the common shares entitled to vote, represented in person or by proxy, constitutes a quorum.

In all elections for directors, the By-Laws provide that cumulative voting is allowed, meaning that holders of Common Stock may multiply the number of votes they are entitled to cast by the total number of directors to be elected at a meeting of shareholders and cast the whole number of votes for one candidate or distribute them among some or all candidates. For other routine matters, the voting standard for approval of a proposal is the affirmative vote of a majority of the total votes cast by all shareholders entitled to vote. However, in the context of some business combinations, the voting standards differ, as described further in the section below titled "Anti-Takeover Provisions of the Articles, By-Laws and Pennsylvania Law."

Dividends

Subject to the prior rights and preferences, if any, applicable to shares of Preferred Stock or any series of Preferred Stock, the holders of Common Stock are entitled to participate ratably in dividends, payable in cash, stock or otherwise, as may be declared by the board of directors out of any funds legally available for the payment of dividends. Each such distribution will be payable to holders of record as they appear on our stock transfer books on such record dates as may be fixed by the board of directors.

Right to Receive Liquidation Distributions

If the Company voluntarily or involuntarily liquidates, dissolves or winds-up, or upon any distribution of the Company's assets, the holders of the Company's Common Stock will be entitled to receive, after distribution in full of the preferential amounts, if any, to be distributed to the holders of Preferred Stock or any series of Preferred Stock, all of the remaining assets available for distribution equally and ratably in proportion to the number of shares of Common Stock held by them.

Listing

The Company's Common Stock is listed on The Nasdaq Global Market under the trading symbol "KLIC."

Transfer Agent

American Stock Transfer and Trust Company currently is the transfer agent and registrar for our common stock, with offices in New York, New York.

Preferred Stock

The board of directors is authorized, subject to limitations prescribed by law and the Articles of Incorporation, to provide for the issuance of shares of Preferred Stock, including one or more series of Preferred Stock, and to fix, from time to time by resolution, the number of shares to be included in each such series, and the designations, preferences, qualifications, limitations, restrictions, and special or relative rights of the shares of each such series.

The board of directors, without shareholder approval, may issue one or more series of Preferred Stock with voting or conversion rights that could adversely affect the voting power or economic rights of the holders of Common Stock. If the Company issues Preferred Stock, it may have the effect of delaying, deferring or preventing a change in control.

Anti-Takeover Provisions of the Articles, By-Laws and Pennsylvania Law

Some sections of the Articles of Incorporation and By-Laws and provisions of Pennsylvania law may discourage certain transactions involving a change in control of the Company.

The Articles of Incorporation and By-Laws contain provisions that (i) classify the board of directors into four classes, with one class being elected each year, (ii) permit the board to issue "blank check" Preferred Stock without shareholder approval, and (iii) prohibit the Company from engaging in certain business combinations with a holder of 20% or more of our shares without super-majority board or shareholder approval. Further, under the Pennsylvania Business Corporation Law, because the By-Laws provide for a classified board of directors, shareholders may only remove directors for cause.

The Company has opted out of several provisions of the Pennsylvania Business Corporation Law that could have the effect of delaying or interfering with a proposed change of control, but is also subject to other provisions of that law which could have those effects. The directors are subject to a provision of the Pennsylvania Business Corporation Law that permits them to consider the interests of constituencies other than the shareholders when deciding what will be in the best interests of the Company. In addition, the Company is subject to two statutory provisions that are similar to the last provision of the Articles of Incorporation described above. These statutory provisions impose certain price and other requirements, and special approvals before a holder of 20% or more of shares may engage in certain transactions.

DATED THIS _____

Between

DBS TRUSTEE LIMITED
AS TRUSTEE OF MAPLETREE INDUSTRIAL TRUST
as the Landlord

And

KULICKE & SOFFA PTE. LTD.
as the Tenant

LEASE AGREEMENT

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THIS LEASE AGREEMENT is made on ___

BETWEEN:

- (1) **DBS TRUSTEE LIMITED (Unique Entity No. 197502043G)** a company incorporated in Singapore with its registered office at 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982 **AS TRUSTEE OF MAPLETREE INDUSTRIAL TRUST** (the "**Landlord**");
and
 - (2) **KULICKE & SOFFA PTE. LTD. (Unique Entity No. 199902120H)** a company incorporated in Singapore with its registered office at 23A Serangoon North Avenue 5 #01-01 K&S Corporate Headquarters Singapore 554369 (the "**Tenant**").
- (hereinafter individually referred to as the "**Party**" and collectively referred to as the "**Parties**")

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

1.a **Definitions**

In the terms of this Agreement and in any rules and regulations made hereunder or annexed hereto unless the contrary intention appears:

"**the Agreed Sum**" shall have the meaning ascribed to it in the Clause 9.21(a);

"**A.H.U.**" shall have the meaning ascribed to it in Paragraph 3(f) of the Second Schedule;

"**Agreement**" or "**Lease**" means this Lease Agreement (including the Appendices), and such other letters and documents as the Parties may expressly identify in writing and agree as forming part of this Agreement or Lease;

"**Agreement to Develop and Lease**" means the Agreement to Develop and Lease dated 7 May 2012 whereby the Landlord agreed to undertake the development of the Building on the Land on the terms thereof;

"**Allocated Car Park Lots**" has the meaning ascribed to it in Clause 9.13(i);

"**Appendices**" means the appendices to this Agreement;

"**Appointed Valuer**" has the meaning ascribed to it in Paragraph 3(a) of the Sixth Schedule;

"**Appointed Valuer's Rent Review Date**" has the meaning ascribed to it in Paragraph 3(a) of the Sixth Schedule;

"**Approvals**" means any and/or all relevant permissions, consents, approvals, licences, certificates and permits issued by any of the Authorities;

"**Approved Valuer**" has the meaning ascribed to it in Paragraph 3(c) of the Sixth Schedule;

"**Approved Valuer's Rent Review Date**" has the meaning ascribed to it in Paragraph 3(c) of the Sixth Schedule;

"**Authorities**" means all governmental, quasi-governmental, statutory and regulatory authorities having jurisdiction over the Premises and/or the Tenant and/or the Landlord in connection with the Premises, including any public authority or public service company whose systems are connected with the Premises;

"**Bank Guarantee**" shall have the meaning ascribed to it in Clause 3.4, the form of which is attached in **Appendix 1**;

"**Building**" means the building erected on the Land and within which the Premises are situated, and the expression "the Building" includes any part thereof;

"**Business Day**" means a day (other than a Saturday, Sunday or a gazetted public holiday in Singapore) on which commercial banks are open for business in Singapore;

"**Chilled Water Cooler**" shall have the meaning ascribed to it in Clause 8.5A(a);

"**Common Area**" means all those parts of the Land which would usually have formed part of the common property under the Land Titles (Strata) Act 1967 had the Building been strata subdivided;

"**Common Facilities**" means the mechanical and electrical services and other services, amenities and facilities on the Land from time to time serving the Building or for common use or benefit;

"**Certified Net Lettable Floor Area**" means the net lettable area of the Premises as determined by a registered surveyor and certified by such registered surveyor in a certificate, pursuant to Clause 15.2 of the Agreement to Develop and Lease;

"**Conducting Media**" means drains, sewers, conduits, flues, gutters, gullies, channels, ducts, shafts, watercourses, pipes, cables, wires and mains or any of them;

"**Contracted NLA**" means 251,974.48 square feet;

"**CSC**" means the certificate of statutory completion for the Building issued by the Building and Construction Authority under the Building Control Act 1989;

"**Designated Loading Docks**" means the seven loading docks delineated in red in the plan attached hereto and marked **Appendix 4** for the purpose of identification;

"**Designated Suppliers**" shall have the meaning ascribed to it in Clause 5.5(a);

"**Deposit**" means the sum stated in Item 5 of the Third Schedule and includes any increases thereto;

"**Distribution System**" shall have the meaning ascribed to it in Clause 8.5A(a);

"**Fitting-Out Consents**" has the meaning ascribed to it in Paragraph 2.1 of the Fourth Schedule;

"**Fitting-Out Manual**" means the booklet as revised, amended or supplemented from time to time, supplied by the Landlord, containing guidelines applicable to the Fitting-Out Works;

"**Fitting-Out Period**" means such period granted by the Landlord for the Tenant to carry out Fitting Out Works;

"**Fitting-Out Works**" means all renovation and fitting out works to be carried out at or to the Premises or to any additional premises, where approvals for these works are granted after the Lease Commencement Date, by the Tenant in connection with the use and enjoyment of the Premises or such additional premises (if any) for the Permitted Use as set out in this Agreement, including but not limited to all the fitting out works to be carried out by the Tenant as specified in the Fitting-Out Manual;

"**Gross Rent**" means the Rent and the Service Charge;

"**Head Lease**" means the lease of the Land granted or to be granted by JTC to the Landlord pursuant to and in accordance with the terms of the JTC Lease Documents, and any reference in this Agreement to the Head Lease includes any document which amends, modifies or supplements the Head Lease;

"**Head Lessor**" means JTC, and includes its assigns and successors-in-title;

"**Interested Parties**" shall have the meaning ascribed to it in Clause 9.31(f);

"**JTC**" means Jurong Town Corporation, a body corporate incorporated under the Jurong Town Corporation Act and having its head office at The JTC Summit, 8 Jurong Town Hall Road, Singapore 609434;

"**JTC Lease Documents**" means collectively, (i) the JTC Letter (ii) the Schedule of Building Terms and the form of lease (attached to the Schedule of Building Terms), both referred to in the JTC Letter; and (iii) all other appendices and schedules referred to in (i) and (ii);

"**JTC Letter**" means the letter of offer issued by JTC to the Landlord in respect of the lease of the Land to the Landlord;

"**Key Parameters**" means the specifications in respect of the Building set out in **Appendix 2**;

"**Land**" means all that piece of land comprised in Lot 17622A Pt Mukim 18 at Serangoon North Avenue 5 (which expression includes any part thereof);

"**Landlord**" means DBS Trustee Limited as trustee of Mapletree Industrial Trust;

"**Landlord's Consultants**" means the Landlord's Architects, Structural Engineers, Mechanical and Electrical Engineers, Acoustic Consultants, Landscape Consultant, and/or any other persons and/or firms engaged by the Landlord in respect of the Building or anyone or more of them;

"**Landlord's Offer**" shall have the meaning ascribed to it in Clause 9.18(a)(ii);

"**Lease Commencement Date**" means 1 December 2023;

"**Licence**" shall have the meaning ascribed to it in Clause 8.8(a);

"**Licensed Area**" shall have the meaning ascribed to it in Clause 8.8(a);

"**Mapletree Industrial Trust**" means Mapletree Industrial Trust established in Singapore as a collective investment scheme and constituted by the MIT Trust Deed;

"**MIT Trust Deed**" means the trust deed dated 29 January 2008 entered into between Mapletree Industrial Fund Management Pte. Ltd. and Mapletree Trustee Pte. Ltd., as amended by (i) a supplemental deed of change of name of the trust deed dated 8 April 2008, (ii) a second supplemental deed dated 17 June 2008, (iii) an amending and restating deed dated 20 May 2009, (iv) a supplemental deed of appointment and retirement of manager dated 27 September 2010, (v) a supplemental deed of appointment and retirement of trustee dated 27 September 2010 and (vi) a second amending and restating deed dated 27 September 2010;

"**NLA**" means the aggregate net lettable floor area of the Premises measured to include the edge of the slab which forms the external boundary of the space being measured and half the thickness of the internal walls/partitions/glass as well as the areas occupied by all pillars, columns, mullions, internal partitions and projections within the space being measured;

"**Offer to Purchase**" shall have the meaning ascribed to it in Clause 9.15;

"**Option to Renew**" shall have the meaning ascribed to it in Clause 9.14;

"**Option to Terminate**" shall have the meaning ascribed to it in Clause 9.16;

"**Option Term**" shall have the meaning ascribed to it in Clause 9.14;

"**Original Condition**" means the state and condition of the Premises including the Landlord's installations therein (as the case may be) as at the date the Tenant took possession of the Premises and includes the concrete raised floor, ceiling boards, standard lighting and sprinklers originally provided by the Landlord;

"**Other Premises**" shall mean premises in the Building other than the Premises;

"**Parties' Rent Review Date**" shall have the meaning ascribed to it in Paragraph 2 of the Sixth Schedule;

"**Payment Date**" shall have the meaning ascribed to it in Clause 2.2;

"**PDPA**" means the Personal Data Protection Act 2012.

"**Permitted Use**" shall have the meaning ascribed to it in Clause 5.14;

"**person**" shall be deemed to include a corporation;

"**Personal Data**" means data, whether true or not, about an individual who can be identified:-

- (i) from that data; or
- (ii) from that data and other information to which the Landlord has or is likely to have access.

"**Possession Notice**" shall have the meaning ascribed to it in Clause 7.6 of the Agreement to Develop and Lease;

"**Premises**" means premises hereby leased as more particularly described in the First Schedule hereto and includes any part thereof save and except the external walls thereof which shall remain vested in the Landlord;

"**Prevailing Market Rent**" shall have the meaning ascribed to it in Paragraph 4 of the Sixth Schedule;

"Prohibited Parties" means the parties as set out, or whose activities/operations are described, in **Appendix 3**, as may be refreshed from time to time in accordance with the provisions of **Appendix 3**;

"Property" means the whole of the Land including the Building erected thereon ;

"Rent" means the monthly rent specified in Item 3 of the Third Schedule and includes any increases thereto;

"Rent Commencement Month" shall have the meaning ascribed to it in Clause 2.2;

"Rent Free Period" means the rent free period specified in Item 8 of the Third Schedule;

"Replacement Amount" shall have the meaning ascribed to it in Clause 3.1;

"restoration works" shall have the meaning ascribed to it in Clause 5.35(b);

"Right of First Refusal" shall have the meaning ascribed to it in Clause 9.18;

"RFR Premises" shall have the meaning ascribed to it in Clause 9.18(a)(i);

"Service Charge" means the sum specified in Item 4 of the Third Schedule and includes any increases thereto;

"Sub-Tenant(s)" shall have the meaning ascribed to it in Clause 5.33(c);

"Taxes" shall have the meaning ascribed to it in Clause 9.21(a);

"the Tenant" shall include its successors-in-title and permitted assigns and where the context so permits, the expression "the Tenant" shall include the Tenant's Occupiers;

"Tenant's Notice" shall have the meaning ascribed to it in Clause 9.18(a)(iii);

"Tenant's Occupiers" means the Tenant's employees, servants, agents, independent contractors, licensees, sub-tenants (if consented to by the Landlord), invitees, customers and any person claiming rights to use, enjoy, visit or be at the Premises expressly or by implication with the Tenant's consent or authority;

"Term" means the period specified in Item 6 of the Third Schedule;

"Utilities Provider" means such utilities provider(s) as may from time to time be appointed by the Tenant (if the Premises are separately metered) or the Landlord (if the Premises are not separately metered) as the case may be, to undertake the supply of water, gas, electricity and/or other utilities to the Premises;

"Year" means each period of twelve (12) calendar months (during the Term) commencing from the Lease Commencement Date and immediately thereafter in succession (during and throughout the Term), each consecutive 12-month period following the First Year; and

"S\$" or "Singapore Dollars" means the lawful currency of Singapore.

Words importing the singular number shall be deemed to include the plural or singular number respectively and words importing the masculine gender only shall include the feminine or neuter and vice versa and words importing persons shall include corporations.

1.b Headings

Headings of Clauses, paragraphs and schedules have been inserted for ease of reference only and shall not be deemed to form any part of the context nor to be taken into account in the construction or interpretation of any provision herein. References to "Clauses" and "Schedules" are to be construed as references to Clauses of and schedules to this Agreement.

1.c Schedules and Appendices

The Schedules and Appendices to this Agreement shall be taken, read and construed as parts of this Agreement and the provisions thereof shall have the same force and effect as if expressly set out in this Agreement.

1.d Statutes

References in this Lease to any statutes or statutory instruments shall include and refer to any statutes or statutory instrument amending, consolidating or replacing them respectively from time to time and for the time being in force.

1.e Joint and Several Obligations

Where two or more persons are included in the expression "**the Tenant**" all covenants, agreements, terms, conditions and restrictions shall be binding on them jointly and each of them severally and shall also be binding on their personal representatives and permitted assigns respectively jointly and severally.

1.f Tenant's Occupiers

In any case where the Tenant is placed under a restriction by reason of the covenants and conditions contained in this Agreement, the restriction shall be deemed to include the obligation on the Tenant not to permit or allow the infringement of the restriction by any of the Tenant's Occupiers.

1.g References to Landlord

The expression "**the Landlord**" includes its successors-in-title and assigns.

2. DEMISE

2.a Demise

The Landlord hereby lets and the Tenant hereby takes the Premises together with all the fixtures and fittings therein installed and now belonging to the Landlord and together also with the right for the Tenant and others duly authorised by the Tenant in common with the Landlord and all others so authorised by the Landlord and all others so entitled thereto at all times during the Term for all purposes connected with the use of the Premises but not for any other purposes:

- (1) of ingress to and egress from the Premises in over and along the usual entrances, the lobbies, staircases, landings and passage-ways leading to and from the Premises;
- (2) to use the lifts provided in the Building during the hours stipulated in Item 12 of the Third Schedule;

(3) to use such lavatory and toilet facilities within the Building as shall be designated from time to time by the Landlord; and

(4) to enjoy the benefit of the air-conditioning system (where installed) in the Building during the hours stipulated in Item 13 of the Third Schedule,

EXCEPTING AND RESERVING unto the Landlord and all persons authorised by the Landlord the rights specified in the Second Schedule hereto, for the Term yielding and paying monthly in advance therefor without any reduction, counterclaim or set-off the Rent and Service Charge.

2.b Payment of Rent

The Rent and Service Charge shall be paid by the Tenant monthly in advance, without demand, by GIRO on the first day of each month of the Term after the Rent Commencement Month (each such due date for payment shall hereinafter be called a "**Payment Date**").

The Tenant shall commence payment to the Landlord of the Rent and Service Charge from the Lease Commencement Date for the period from and including the day falling immediately after such expiry up to and including the last day of the month in which the Rent and Service Charge commenced to be payable (the "**Rent Commencement Month**").

The Tenant shall pay to the Landlord each subsequent monthly payment of the Rent after the Rent Commencement Month by GIRO by equal monthly payments in advance on each Payment Date, the first of such payments to be made on the first Payment Date immediately falling after the Rent Commencement Month.

3. **DEPOSIT**

3.a Deposit

The Tenant shall by no later than **31 December 2023**, deposit with the Landlord the sum set out in Item 5 of the Third Schedule. The Deposit shall be held by the Landlord as security for the due performance and observance by the Tenant of all and singular the several stipulations covenants and conditions on the part of the Tenant herein contained and if the Tenant shall fail to perform and observe the said stipulations covenants and conditions and has not commenced the remedy of such breach within fourteen (14) days after receipt of the Landlord's written notice in that effect (or such shorter period as may be reasonably determined by the Landlord having regard to the extent and nature of the breach), the Landlord shall be entitled (but not obliged) to apply the Deposit or any part thereof towards payment of moneys outstanding or making good any breach by the Tenant or to deduct from the Deposit the loss or expense to the Landlord occasioned by such breach but without prejudice to any other right or remedy which the Landlord may be entitled to. If any part of the Deposit shall be applied or deducted as aforesaid, the Tenant shall within fourteen (14) days of demand by the Landlord furnish to the Landlord in cash or by way of a fresh bank guarantee an amount equivalent to the sum so applied and/or deducted from the Deposit ("**Replacement Amount**") Provided Always that the Tenant is to deposit with the Landlord the Replacement Amount in cash if no bank guarantee is issued for the Replacement Amount in fourteen (14) days. The Landlord shall within thirty (30) days after the Premises have been yielded up to the Landlord in accordance with the provisions of this Lease (or if the restoration works have not been completed in accordance with the provisions of this Agreement, completion of the restoration works) repay the Deposit to the Tenant without interest and subject to any proper deductions made pursuant to this Agreement. No part of the Deposit shall, without the written consent of the Landlord, be set-off by the Tenant against any Rent, Service Charge or other sums owing to the Landlord.

3.b Increase in Deposit

The Deposit shall throughout the Term be maintained at the level stated in Item 5 of the Third Schedule. If the Rent or Service Charge has been increased in accordance with the provisions of this Agreement then the Deposit shall be increased proportionately and the Tenant shall within fourteen (14) days of demand furnish to the Landlord in cash or by way of a fresh bank guarantee an amount equivalent to the increment in the Deposit.

3.c Forfeiture of Deposit

Notwithstanding Clause 3.1, the whole of the Deposit may in the Landlord's sole discretion be forfeited to the Landlord if the Tenant goes into liquidation or if a person, is made a bankrupt, or have any order made or resolution passed for its winding-up or shall otherwise become insolvent or make an assignment or arrangement for the benefit of its creditors.

For the avoidance of doubt, it is hereby agreed and declared that the Deposit does not constitute a penalty or liquidated damages and that any forfeiture of the Deposit by the Landlord shall be without prejudice to any other rights or remedies that the Landlord may be entitled to.

3.d Bank Guarantee

3.d In lieu of a cash security deposit, the Tenant may furnish to the Landlord the Deposit by way of bank guarantee(s) (each, a "**Bank guarantee**"), in which case the following conditions shall apply:

- (i) the Bank Guarantee shall be irrevocable and unconditional, issued by a commercial bank holding a full banking licence with the Monetary Authority of Singapore acceptable to the Landlord, acting reasonably;
- (ii) the Bank Guarantee shall be an "on-demand" bank guarantee in the form in **Appendix 1**, with such modifications as may be agreed between the Parties; and
- (iii) the date of expiry of the Bank Guarantee for the Deposit shall be on the date of expiry of the relevant Year for which such Bank Guarantee is furnished to the Landlord, save that in respect of a Bank Guarantee issued for the last Year of the Term, the Bank Guarantee shall have a claim period of three (3) months (or such shorter period as the Landlord may agree in writing from time to time in its sole discretion) after the date of expiry of the last Year.

3.e Any Bank Guarantee furnished by the Tenant to the Landlord for any Replacement Amount required under Clause 3.1 shall also comply with the provisions of Clause 3.4.

3.f The Tenant shall, no later than sixty (60) days (or such shorter period as the Landlord may agree in writing from time to time in its sole discretion) prior to the commencement date of each Year, provide to the Landlord a currently dated fresh Bank Guarantee for the Deposit for each such Year with effective date commencing on the first day of such Year.

3.g Where the Deposit and/or any Replacement Amount has been furnished by the Tenant by way of bank guarantee(s), the Landlord must return to the Tenant such Bank Guarantees within thirty (30) days after the date of expiry of the claim period under the relevant Bank Guarantees for cancellation.

4. FITTING OUT

If the Tenant has been granted approvals before the Lease Commencement Date to carry out Fitting-Out Works on the Premises under the Agreement to Develop and Lease, the provisions thereof shall apply to the exclusion of the Fourth Schedule. Where the Landlord's approvals for further Fitting-Out Works or for such works in respect of any additional premises are granted after the Lease Commencement Date, the provisions of the Fourth Schedule shall solely govern the carrying out and completion of such works.

5. TENANT'S COVENANTS

The Tenant hereby covenants with the Landlord as follows:

5.a Rent and Service Charge

To pay the Rent and Service Charge to the Landlord monthly in advance at the times and in the manner specified in Clause 2.2 without any set-off counterclaim or deduction whatsoever.

5.b Increase in Service Charge

To pay any increase in Service Charge at a yearly service charge escalation of two per cent (2%) per annum on the preceding year's Service Charge. In the event that the Tenant requires any air-conditioning services to the Premises to be extended beyond the hours specified in Item 13 of the Third Schedule, the Tenant shall give prior notice to the Landlord of such extension and shall pay all costs and expenses relating to the extension of the services and the Landlord shall extend the air-conditioning services accordingly save in the event of repairs or maintenance works which are required to be carried out to the air-conditioning system and/or any ancillary works which are required to be carried out which will affect the proper operation of the air-conditioning system, or any other reasons beyond the Landlord's control in which case, the Landlord shall inform the Tenant accordingly. Any extension of the said services shall be subject to the Tenant not being in arrears of any rent or other sums payable under this Agreement for a period exceeding fourteen (14) days.

5.c Property Tax

To pay on demand any increase in the property tax (whether retrospective or otherwise) over and above the amount of property tax for the Premises payable by the Landlord on the commencement of the Term due to an increase in the rate of property tax payable. The Landlord may in its sole discretion lodge any objections with the Property Tax Department or any other relevant authority against the increase in property tax, or without imposing any obligation on the Landlord so to do, assist the Tenant at the Tenant's sole costs and expense in their lodgement of any such objections. In the event of the Premises not being separately assessed but the Building being assessed as a whole then, for the purpose of ascertaining the additional or other amount payable by the Tenant under this clause any increase in property tax shall be apportioned by the Landlord and the Tenant shall pay on demand such proportion thereof as determined by the Landlord based on the proportion that the area of the Premises bears to the net lettable floor area of the Building.

5.d Utilities and Telecommunication charges

(1) Subject always to Clause 5.5 hereinbelow, to pay directly to the Utilities Provider all charges and costs including any taxes now or in the future imposed in respect of water, gas, electricity, sewerage and any other utilities/services supplied to the Premises and the Tenant shall at its own expense apply to the Utilities Provider for the installation and testing of an electricity meter at the Premises. Where the utilities enjoyed by the

Premises are not separately metered, to reimburse the Landlord for a proportionate part of such costs, such costs to be calculated by the Landlord and notified to the Tenant in writing, such statement to be final and conclusive as to the amount thereof, save for manifest error. In the event of the Utilities Provider increasing the charges therefor, the Tenant shall pay to them or reimburse the Landlord (as the case may be) for the additional costs, such costs to be calculated by the Landlord and notified to the Tenant by a statement in writing from the Landlord, such statement to be final and conclusive as to the amount thereof save for manifest error; and

- (2) To pay all charges in respect of any telephone, telex, teleprinters, facsimile, internet, satellite, broadcasting and/or other services connected to the Premises and all other charges or impositions (including but not limited to connection charges and installation fees) imposed by any statutory authority or service provider (such service provider to be a service provider approved by the authorities) for the services separately supplied to the Premises.

5.e Utilities Suppliers

- (1) The Tenant shall use only utilities from such suppliers as are designated by the Landlord ("**Designated Suppliers**") and shall arrange at its own costs with the relevant authorities or Designated Suppliers for the connection of all such utilities supply required by the Tenant and for the installation of any meters or equipment in connection with such supply in accordance with the Landlord's requirements and any rules and regulations set from time to time by the Landlord regarding such connections and installations.
- (2) In particular, where the Landlord at its discretion and acting in good faith, deems it beneficial for the Building and its occupants to purchase any utilities in bulk from any Designated Suppliers for supply to the entire Building including the Premises (either by having the Landlord purchase such utilities in bulk for the entire Building or by requiring all tenants in the Building to purchase such utilities from the same Designated Suppliers), the Tenant shall not object to the Landlord's choice of Designated Suppliers for such utilities nor object to the Landlord's request to change Designated Suppliers for the utilities and shall:
 - (a) upon the Landlord's notification, accept the Landlord's choice of Designated Supplier for such utilities and, if required by the Landlord, join the Landlord in its application to the relevant authorities and/or to the Designated Supplier for such purchase;
 - (b) enter into an utilities supply agreement with the Landlord or such other party or parties as the Landlord may determine on terms prescribed by the Landlord; and
 - (c) at the Landlord's request, take the necessary steps to cease supply from the Tenant's current retail utilities supplier at the Tenant's costs.
- (3) In connection with Clause 5.5(b), the Tenant shall sign, where the Landlord acting in good faith deems necessary, in the Tenant's name all necessary documents, applications or forms and make all necessary arrangements for purposes of any connection of bulk supply of utilities to the Premises or in respect of any necessary termination of the Tenant's previous utilities account with another supplier. Costs of all connections or termination of supply and any necessary installation of new or separate meters required by the Landlord, the Designated Suppliers or the Authorities as a result

of the Landlord's request for change in Designated Suppliers hereunder shall be borne by the Tenant.

- (4) The Tenant hereby agrees that where the Landlord, acting in good faith, purchases any utilities in bulk for supply to the Building including the Premises in accordance with Clause 5.5(b), then:
- (a) the Tenant acknowledges agrees and confirms that the Designated Suppliers are the suppliers of the utilities and unless arising from or in connection with the wilful default or gross negligence of the Landlord, its employees, agents independent contractors or licencees, the Landlord shall not be responsible and/or liable for any and all losses damages and/or liability suffered or incurred by the Tenant including any economic loss and/or loss of revenue and/or profits and/or business or custom howsoever occurring caused by or as a result of any defect inconsistency failure delay or interruption or any reduction surge or variation of the supply and transmission wherever or whenever occurring;
 - (b) where any agreement for bulk purchase of utilities made between the Landlord and the Designated Suppliers for supply to the entire Building (including the Premises) is terminated for reasons beyond the reasonable control of the Landlord and not due to the wilful default or gross negligence of the Landlord, its employees, agents independent contractors or licencees, the Landlord shall not be required to compensate the Tenant for any loss or damage including any economic loss and/or loss of revenue and/or profits and/or business or custom howsoever occurring to the Tenant as a result of such termination of supply to the Premises;
 - (c) The Tenant shall pay to the Landlord such quantum of deposit as security for payment of utilities charges equal to two (2) times the amount of monthly charges as estimated by the Landlord acting in good faith; and
 - (d) The Landlord shall be entitled to terminate utilities supply to the Premises if the Tenant shall fail to pay any part of the charges and taxes in respect of the supply thereof payable by the Tenant hereunder for more than thirty (30) days after due date of such payments or fails to pay Rent or any other monies due hereunder for more than fourteen (14) days after the due date of such payments.

5.f Circuit breaker

To install and maintain in good working condition at the Tenant's expense the circuit breaker(s) to the Tenant's electricity supply which are installed in the Premises and if the Tenant shall fail for whatever reason to install or maintain the same, then the Landlord may do so and the costs of installation and/or maintenance shall be a debt due from the Tenant to the Landlord and be recoverable forthwith as such. For the avoidance of doubt, the Tenant shall not be liable to maintain any other circuit breakers which are not installed in the Premises, notwithstanding that the same may be installed in relation to the electricity supply to the Premises.

5.g Telephones, etc.

To install at its own cost and expense all telephones, teleprinters, facsimile machines and computer modems and to run the wires thereof in such a manner that shall have been previously approved by the Landlord, which approval shall not be unreasonably withheld and to ensure that all installation works shall be carried out by the appropriate authority, or in the absence of such workmen, by a contractor approved by the Landlord, which approval shall not be unreasonably withheld Provided Always that the Tenant shall not install or cause to be installed any pay-telephone except with the prior written approval of the Landlord.

5.h Landlord's right of access

To permit the Landlord and its duly authorised agents with or without workmen and others at all reasonable times and by prior appointment (except in case of an emergency or suspected material breach of this Agreement) to enter upon the Premises:

- (1) to view the condition thereof; and/or
- (2) to do such works and things as may be required for any rectifications repairs alterations or improvements to the Premises or any part or parts of the Building. In carrying out such works and things, the Landlord shall use reasonable efforts to minimise the interference to the Tenant's use and enjoyment of the Premises; and/or
- (3) to rectify repair amend and make good in a proper and workmanlike manner any defects for which the Tenant is liable and of which written notice shall be served on the Tenant at the Premises and the Tenant does not, within fourteen (14) days after the service of such notice, proceed diligently with the execution of such repairs or works.

The Tenant shall pay the Landlord's costs of survey or otherwise in respect of the preparation of such notice and the cost of rectifications repairs or works carried out by the Landlord pursuant to Clause 5.8(c) and such sums shall be a debt due from the Tenant to the Landlord and be recoverable forthwith as if it were arrears in rent.

5.i Emergency

To permit the Landlord free and immediate access into the Premises at all times in all cases of emergency.

5.j Interior

To keep the interior of the Premises including the flooring and interior plaster or other surface material or rendering on the walls and ceilings and the Landlord's fixtures therein including doors, windows, wires, installations and fittings in good and tenable repair and condition (save for fair wear and tear and damage by fire other than that caused by the Tenant) and to give immediate notice to the Landlord of any damage that may occur to the Premises and of any accident to or defects in the water pipes, air-conditioning ducts, telephone conduits, electrical wiring or fixtures or other facilities whatsoever provided by the Landlord.

5.k Fixtures and fittings

To keep (where applicable) all taps, washbasins, water closets, sinks, cisterns, pipes, wires, conduits, fittings, equipment, facility and apparatus within or serving the Premises clean and in good order and repair and in respect of such fixtures and fittings to make good all damage occasioned to the Premises or to any other part of the Building through improper use or by the negligence of the Tenant or of any person for the time being in or using the Premises, save that in respect of such fixtures and fittings within the Premises, to make good all damage occasioned to the Premises, whether or not such damage was caused through the improper use or by the negligence of the Tenant or of any person for the time being in or using the Premises.

5.k A The Tenant shall ensure that the air-conditioning system does not create condensation to the floor, wall and ceiling of the neighbouring units.

- 5.l Drains
- To clean, clear and remove any debris from any drains (where applicable) in the Premises or in the Building where such build up of debris has been contributed by the Tenant and in the event that the Tenant fails to do so after being notified by the Landlord, the Landlord may (but without being under any obligation so to do) remove any debris, clear and/or clean the drains and the Tenant shall on demand reimburse to the Landlord all costs, expenses and disbursements incurred thereby.
- 5.m Pests and animals
- To take all reasonable precautions to keep the Premises free of rodents, vermin, insects, pest, birds, pets and any other animals and if so required by the Landlord at the cost of the Tenant to employ from time to time or periodically pest exterminators approved by the Landlord.
- 5.n Permitted Use
- Until and unless the necessary approvals, consents, licenses and permits have been obtained, the Tenant shall not use the Premises or any part thereof for any purpose other than the use as specified in Item 9 of the Third Schedule (the "**Permitted Use**"). The Tenant shall be responsible for obtaining, prior to the commencement of the Term, and keeping in force during the Tenant's occupation of the Premises all governmental approvals licences and permits necessary for the conduct of the business at the Premises and for ensuring the terms and conditions of such approvals licences and permits are strictly adhered to and shall indemnify the Landlord against any consequences or proceedings arising from the Tenant's default in complying with the provisions of this Clause.
- 5.o Prohibited activities
- Not to:
- (i) reside in or permit any person to reside in any part of the Premises or use the same or permit the same to be used as a dwelling house;
 - (ii) conduct or permit to be conducted on the Premises any auction sale or religious activity and not to erect or display or permit to be erected or displayed any altar or religious artefact in or about the Premises;
 - (iii) use any electrical, heating, cooking, data, communication or other devices which may interfere with the air-conditioning system, lift, lighting, power, electrical, data or communication system in the Premises or in any part of the Building;
 - (iv) install any vending machine on the Premises without the prior written consent of the Landlord;
 - (v) cook or permit anyone to cook any food in the Premises or in the Building provided that this Clause 5.15 shall not be construed to prevent or restrict any person from warming up food in an area within the Premises designated for use as a pantry;
 - (vi) permit without the prior written consent of the Landlord the vendors of food or drink or the servants or agents of such vendors to bring on to the Premises or any part thereof or on to the Building or any part thereof food or drink for consumption by the occupiers of the Premises save and except in the case of the contractor given the right by the Landlord to provide a food and drink service for the occupiers of the Building;

5.o A If Premises are used as a factory

Where the Building or Premises is a factory, not to:

- (1) use the Premises for industries with liquid waste requiring pretreatment before discharge or industries requiring the use of naked light or involving hotwork;
- (2) utilise the Premises before obtaining clearance on the use of the Premises from the Pollution Control Department, Ministry of Environment and other relevant Authorities;
- (3) use the Premises for any other industries except for the research, design and manufacturing of semiconductor, high precision equipment and assembly equipment;
- (4) occupy the Premises before submitting details of the manufacturing processes and trade effluent discharge to the Pollution Control Department, Ministry of Environment and other relevant Authorities for consideration; and
- (5) use the Premises for electroplating industries.

5.p Machinery

Not to bring or allow to be brought onto the Premises or any parts of the Building used in common with the Landlord and its other tenants or occupiers of other parts of the Building and subject to Clause 5.27, any machine or machinery save for typewriters, information processing systems, copy machines, computers and such other equipment as are required for the purposes of the Tenant's business or approved by the Landlord and/or their architects and structural engineers.

5.q No obstruction

Not to:

- (i) place, leave or cause to be placed or left any refuse, cartons, papers, furniture, parcels, bottles or other goods or things of any type; or to permit or cause to be permitted the placing or parking of bicycles, motor cycles or scooters, trolleys, fork-lift trucks and other wheeled vehicles, which may obstruct or are likely to obstruct the operations area of the Building and/or the entrance hall, lobby, staircases or landings leading to the Premises and other Common Areas in the Building; or
- (ii) cause any obstruction in or on the approaches private roads or passage ways adjacent to or leading to the Building by leaving or parking or permitting to be left or parked any motor vehicle or other carriages belonging to or used by the Tenant or by any of the Tenant's Occupiers.

Provided Always that the Landlord shall have the full right and liberty and absolute discretion to remove and clear any such obstruction and all costs and expenses incurred thereby shall be recoverable from the Tenant as a debt payable on demand. Further Provided that the Landlord shall not be liable to the Tenant or any third party for any loss damage or inconvenience caused by such removal and the Tenant hereby indemnifies the Landlord in this respect.

5.r Hazardous goods, etc.

Not to store or bring upon the Premises or any part thereof arms, ammunition or unlawful goods, gun-powder, salt-petre, chemicals, petrol, kerosene, gas or any goods or things which in the opinion of the Landlord are of an obnoxious, dangerous or hazardous nature or any explosive or combustible substance and not to place or leave in the entrance, stairways, passages, corridors, lobbies or other parts of the Common Area any boxes or rubbish or otherwise encumber the same PROVIDED ALWAYS that:

(i) nothing in this Clause shall be construed to prevent or restrict the Tenant in connection with the Tenant's current usage of the Premises (which falls within the Permitted Use) from bringing upon the Premises, storing or using any chemical or substance which may be obnoxious, dangerous, hazardous, explosive or combustible if:

- (1) such chemical or substance is required to be used by the Tenant in its ordinary course of business; and
- (2) the bringing upon the Premises, its storage or use of such chemical or substance has, where necessary, been approved by National Environment Agency and/or other relevant authorities and are otherwise in compliance with the laws of Singapore,

Provided Always that prior notice is given to the Landlord with proof of such approvals (if applicable and available) and that the Tenant shall ensure that it applies reasonable skill and care in accordance with good industry practice when using and/or storing such chemical and substance; and

(ii) in the event:

- (1) the Tenant engages in or undertakes any new activities or operations at the Premises which fall within the Permitted Use (but do not fall within the scope of the current usage of the Premises); and
- (2) such new activities or operations involve the bringing upon the Premises and/or storage or use at the Premises, of any chemical or substance which may be of an obnoxious, dangerous or hazardous nature, or are explosive or combustible substances,

the Tenant shall also furnish to the Landlord proof of the approvals obtained (where necessary) from National Environment Agency and/or other relevant authorities in relation to the bringing upon the Premises and/or storage or use at the Premises of such chemical or substance. Any increase in premium for fire or other insurance by the Landlord's insurer, brought about as a direct consequence of such bringing upon the Premises and/or storage or use at the Premises of the chemical or substance as provided under this Clause 5.18(b) and levied by the Landlord's insurer (acting in accordance with standard industry practice), shall be borne by the Tenant Provided Always that prior notice is given to the Landlord with proof of such approvals and that the Tenant shall ensure that it applies reasonable skill and care in accordance with good industry practice when using and/or storing such chemical and substance.

(iii) save as provided in (i) Clause 5.18(a) for which the Tenant shall not be liable for any increase in premium, and (ii) Clause 5.18(b) for which the Tenant shall be liable only in the manner provided thereunder, if combustible or inflammable materials are stored in the Premises or any part thereof with the consent in writing of the Landlord, any increase in the premium for fire or other insurance as may have been taken out by the Landlord shall be borne by the Tenant.

5.s Litter

Not to throw, place or allow to fall or cause or permit to be thrown or placed in the Common Area, passages, lift shafts, toilets or other conveniences in the Building any sweepings, rubbish, rags, waste paper or other similar substances or anything of an inflammable nature, and on demand to pay to the Landlord the costs of removing such things and/or the costs of repairing any damage to common areas, passages, lift shafts, toilets or other conveniences in the Building arising from the breach hereof.

5.t Signage, etc.

- (i) Subject to (b) below, not to affix, erect, paint, attach or otherwise exhibit or permit or suffer so to be upon any part of the exterior of the Premises or the windows thereof any name, writing, drawing, sign-board, plate, placard, poster, sign post, flag pole, television, radio or wireless mast or advertisement whatsoever Provided Always that subject to the approval of the Landlord which approval shall not be unreasonably withheld as to the size, materials to be used and design and content, the Tenant shall be at liberty to affix its name on the entrance door of the Premises and to have its name and location shown on a notice board giving the names of the tenants in the Building which shall be provided by the Landlord in the entrance foyer of the Building and at such other areas as the Landlord may provide and Provided Always that any signage shall be at the Tenant's own cost and expense.
- (ii) Subject to JTC's consent and the Landlord's approval (such approval not to be unreasonably delayed or withheld) as to the size, materials to be used, design and content, the Tenant shall have signage rights in respect of the main facades of the Building provided always that the Landlord shall be entitled to display an equal number of signages which the Tenant is displaying, on any facade of the Building or at any part of the Land without the prior consent of the Tenant. The Landlord shall not charge the Tenant for the signage rights. The costs of all signage works required by the Tenant and applications to the Authorities for the relevant Approvals relating to the signage shall be borne by the Tenant.
- (iii) The Tenant shall be entitled to erect a pylon on the Land for the purpose of displaying its signage, subject to the Landlord's approval (which approval shall not be unreasonably withheld) as to the design, location and size thereof.

5.u Nuisance

Not to do or permit to be done any act or thing which may become a nuisance to or give cause for reasonable complaint from the occupants of neighbouring premises or of other parts of the Building and not to cause, make, permit or allow excessive noise in or to emanate from the Premises.

5.v Illegal or Immoral use

Not to do or suffer to be done anything in or upon the Premises or any part thereof of an illegal or immoral nature and not to use the Premises or any part thereof for any unlawful purpose.

5.w Compliance with statutes and regulations

At all times to comply with all such requirements as may be imposed on the occupier and/or user of the Premises by any statute now or hereafter in force and any orders rules requirements regulations and notices thereunder.

5.x Foreign workers

Without prejudice to the generality of Clauses 5.22 and 5.23, not to use, permit or suffer the Premises to be kept or used as a place or premises in which any person is employed in contravention of Section 57(1)(e) of the Immigration Act 1959, Section 5 of the Employment of Foreign Manpower Act 1990 or any other laws, statutory modification or re-enactment thereof for the time being in force and to indemnify the Landlord against all costs, claims, liabilities, fines or expenses whatsoever which may fall upon the Landlord by reason of any non-compliance thereof.

5.y Use of "Mapletree" name

Not to use any name or description in connection with the Tenant's business similar to or bearing any resemblance to the name of "Mapletree".

5.z Use of passenger lifts

Not to place or take into the passenger lifts any baggage parcels, sacks, bags or other goods save such light articles as brief cases attache cases or handbags and not to permit any persons who are carrying out renovation, redecoration, alteration or such other works to the Premises to use the passenger lifts.

5.aa Floor loading

- (i) Not to load or permit or suffer to be loaded on any part of the floors of the Building or the Premises a weight greater than the weight stated in Item 10 of the Third Schedule without the prior written consent of the Landlord and the Tenant shall comply with the advice of the Landlord or the Landlord's Consultants and pay all the costs and expenses of the Landlord's Consultants in ensuring that the Tenant complies with the requirements of this Clause.
- (ii) To ensure that in no event shall any such machinery cabinets safes equipment or goods be of such nature or size as to cause or in the opinion of the Landlord be likely to cause structural or other damage to the floor or walls or any other parts of the Premises or the Common Area including the service lift and to ensure that all such machinery cabinets safes equipment or goods brought upon the Premises are placed or located so as to distribute their weight in compliance with this covenant and shall when required by the Landlord distribute any load on any part of the floor of the Premises in accordance with the direction and requirements of the Landlord and in the interpretation and application of the provisions of this Clause the decision of the Structural Engineer or Architect of the Landlord shall be final and binding on the Tenant.
- (iii) To obtain from time to time acting reasonably, and/or whenever necessary, at its own cost and expense the following:
 - (1) the requisite certificate from the Landlord's Consultants certifying that the floor loading in the Premises is within the approved load bearing limits of the Premises in accordance with the provisions of this Clause 5.27 and shall forthwith produce and deliver to the Landlord the said certificate for the Landlord's inspection; and

- (2) all necessary planning permission and other permission necessary under the provisions of any statute rule order regulation or bye-law in respect of floor loading. The Landlord shall render its assistance, at the Tenant's request, in executing or endorsing any forms, plans, letters and documents to be submitted to the relevant authorities in this regard, with all costs and expenses to be borne by the Tenant.

5.ab Structural review

To obtain the prior written consent of the Landlord and to pay all costs and expenses incurred by the Landlord in any structural review relating to the relocation of all such machinery cabinets safes equipment or goods.

5.ac Relocation

In the event that any relocation whatsoever whether with or without the Landlord's consent shall cause injury or damage to person or property as a result of the Tenant's breach of the terms of this Agreement or the Tenant's wilful default or gross negligence, the Tenant shall hold the Landlord indemnified against all claims in respect thereof and shall repay to the Landlord any sums paid by the Landlord in connection with claims arising from such injury or damage and shall pay for all costs incurred in repairing any damage caused to the Building or its appurtenances.

5.ad Delivery vehicles

Not to permit trade vehicles while being used for delivery and pick up of merchandise to or from the Premises to be driven parked or stopped at any place or time within the Building except within the Designated Loading Docks, or such other loading docks of the Building and except at such other place or places and at such time or times as the Landlord may reasonably and specifically allow and the Tenant shall prohibit its employees service suppliers and others over whom it may have control from parking delivery vehicles during loading or unloading in any place other than the said Designated Loading Docks and such other loading docks or such other places which the Landlord may from time to time allot for such purposes and from obstructing in any manner howsoever the entrances exits and driveways in and to the common parking areas and also the pedestrian footways in or to the Common Area.

5.ae Insurance

The Tenant shall at all times during the Term and during any period of holding over to:

- (i) effect and keep current a public liability insurance policy against claims for third party personal injury, death, property damage or loss (which shall be taken out with a reputable insurance company and which shall include a provision for waiver of subrogation against the Landlord) for a sum not less than the sum stated in Item 11 of the Third Schedule or such other sum as may be specified by the Landlord from time to time in respect of the Premises and where requested by the Landlord, the Tenant shall procure issuance of a certificate by its insurers, noting the Landlord's interest as landlord of the Premises;
- (ii) effect and keep current an adequate insurance policy (which shall be taken out with a reputable insurance company and which shall include a provision for waiver of subrogation against the Landlord) on the internal partitions, all of the Tenant's property including all plant, equipment and installations permanently affixed to the Premises, the furniture, plate and tempered glass, fixtures and fittings, and all goods and stock- in-trade belonging to or held in trust by the Tenant in the Premises to their full insurable value against all risks commonly insured against in respect of such property (subject to the standard exclusions made by reputable insurers); and

and to promptly pay all premiums costs and disbursements in connection therewith and to produce to the Landlord on demand certificates issued by the Tenant's insurers relating to the policies referred to above as well as the receipts evidencing payment of the premiums in respect thereof. Provided Always that nothing herein shall render the Landlord liable for the correctness or adequacy of any such policies or for ensuring that they comply with all relevant legislation pertaining to such insurance.

5.af Not to void insurance for Building

Not to do or permit or suffer anything to be done whereby:

- (i) the policy or policies of insurance on the Building against loss or damage by fire and/or other risks for the time being subsisting may become void or voidable; or
 - (ii) the rate of premium thereon may be increased and to repay to the Landlord all sums paid (the "**Increased Payments**") by way of increased premium or increased contribution for premium and all expenses incurred by the Landlord or contributions therefor in or about the renewal of such policy or policies rendered necessary by a breach or non-observance of this stipulation, save for:
 - (1) any Increased Payments brought about by the Tenant's activities which are in compliance with the Permitted Use and/or Clauses 5.18(a); and
 - (2) any Increased Payments arising from the matters under Clause 5.18(b), for which the Tenant shall only be liable to the extent therein provided;
- and to appoint a fire safety manager under the Fire Safety Act 1993 to maintain, *inter alia*, the fire alarm and fire protection systems on the Premises.

5.ag Sub-letting, assignment, etc.

- (i) Subject to Clauses 5.33(b) and 5.33(c), not to assign sub-let license or in any way dispose of or part with possession of the Premises or any part thereof either by way of sub-letting sharing or other means whereby any company or person or persons not a party to this Lease obtains the use or possession of the Premises or any part thereof irrespective of whether or not any rental or other consideration is given for such use or possession and in the event of such action by the Tenant, this Agreement shall at the option of the Landlord forthwith be determined and the Tenant shall forthwith surrender the Premises to the Landlord with vacant possession. For the purpose hereof any amalgamation and/or reconstruction shall be deemed an assignment of this Lease. The provisions of Section 17 of the Conveyancing and Law of Property Act 1886 shall not apply to this Agreement.
- (ii) The Tenant may assign sub-let license or dispose of or part with possession of the Premises or any part thereof (either by way of sub-letting sharing or other means) to a related corporation of the Tenant as defined under the Companies Act 1967 with the prior written consent of JTC and the Landlord, (whose consent shall not be unreasonably withheld having regard to JTC's conditions as set out in the JTC Lease Documents).

(iii) Notwithstanding Clause 5.33(a) above, the Tenant may sub-let part of the Premises to other corporations that are not related to the Tenant (the "**Sub-Tenant(s)**"), subject to JTC's prior written consent and to the Landlord's prior written consent (whose consent shall not be unreasonably withheld having regard to JTC's conditions as set out in the JTC Lease Documents) and to such conditions as may be imposed by the Landlord, including but not limited to the following:

- (1) The Landlord and Tenant hereby acknowledge that, in subletting part of the Premises, it is not the intention of the Tenant to compete with the Landlord. As such, the Tenant hereby undertakes to use commercially reasonable efforts to sublease the Premises at a rate per square foot at the prevailing market rate of the Premises acceptable to the Landlord, acting reasonably, as at the date of the Tenant's notification or application for consent (as the case may be) for proposed subletting of the Premises.
- (2) Subject to the approval of the Tenant (acting reasonably), all profit rent shall accrue to the Landlord. The profit rent shall be calculated as an amount equivalent to the difference between (I) the total amounts / rent and service charge (if any) payable by the Sub-Tenant to the Tenant, after deducting the aggregate of the following costs: estate agent's commission, costs of any alterations to facilitate access to the sublet premises, costs of any consequent loss of space (due to alteration required to facilitate access to the sublet premises and the introduction of any corridor in the Premises), and (II) the Gross Rent paid by the Tenant to the Landlord and which are apportioned to the sublet premises Provided Always that the Tenant shall act reasonably in incurring the costs referred to in sub-paragraph (I) of this Clause 5.33(c)(ii);
- (3) The Tenant shall continue to occupy at least 247,572 square feet of the net lettable area of the Building after each subletting;
- (4) The Tenant shall provide the Landlord with a copy of the subletting agreement;
- (5) The configuration of the sublet premises shall be subject to the Landlord's prior approval, which approval shall not be unreasonably withheld;
- (6) All costs and expenses in relation to the subletting shall be borne by the Tenant;
- (7) The term of the subletting shall end on or before the day immediately prior to the date of expiry of the Term herein; and
- (8) The Tenant shall continue to be responsible to the Landlord for the due performance of the Tenant's covenants and obligations under the Lease, including but not limited to the Tenant's obligation to pay the Rent and to reinstate the Premises in accordance with the provisions of this Agreement on or before the expiry of the Term.

5.ah Additions and alterations

Not to make any alterations in or additions to the Premises and/or any of the Landlord's furniture fixtures and fittings in or belonging to the Premises without the previous consent in writing of the Landlord (which shall not be unreasonably withheld) and if the Landlord shall consent to such alterations or additions the Tenant shall:

- (i) observe and comply with the requirements of the Landlord (which shall be reasonable) and obtain at its own expense all necessary planning permission and other permission necessary under the provisions of any statute, rule, order, regulation or bye-law applicable thereto and shall carry out such alterations or additions in accordance with the conditions thereof; and
- (ii) produce to the Landlord a copy of the Certificate of Supervision issued by the Landlord's Architect or other authorised person making the submissions to the relevant authority for the planning and other permission,

and upon completion of any such alterations or additions, to produce to the Landlord the "as- built" drawings duly endorsed by the relevant authority.

5.ai Yielding up

At the expiry or sooner determination of the Term (unless renewed), to peaceably and quietly yield up the Premises with all locks and keys complete (whether held by the Tenant or any of the Tenant's employees or agents irrespective of whether the same have been supplied by the Landlord) to the Landlord together with the fixtures and fittings therein in good and tenable repair state and condition (save for fair wear and tear and damage by fire other than that caused by the Tenant) in accordance with the stipulations hereinbefore contained and in accordance also with the covenants and conditions contained or imposed in or by virtue of any licence granted by the Landlord herein and prior to the termination of the Term to do the following:

- (i) forthwith replace with items of similar character and comparable value, all of the Landlord's fixtures and fittings which shall be missing, broken, damaged or destroyed and for which the Tenant is liable to make good;
- (ii) in the event that any alterations or fitting-out works have been carried out to the Premises or to any other part of the Building by the Tenant, its contractors, servants or agents, then (if and so required by the Landlord) to restore the Premises to its Original Condition and in any event to remove any lettering, moulding, sign, writing or painting of the name or business of the Tenant and other persons from the Premises and all internal partitions, fixtures and installations of the Tenant as are specified by the Landlord and any other Tenant's equipment placed within or on the Building and to restore all air-conditioning installations or other electrical installations to their Original Condition to the reasonable satisfaction of the Landlord (all such works being hereinafter referred to as the "**restoration works**"). The restoration works relating to the reinstatement of all architectural and structural works, air-conditioning installations, sprinkler systems and other mechanical and engineering, building and sanitary installations shall be carried out by a contractor approved by the Landlord which approval shall not be unreasonably withheld and under the supervision of the Landlord's Consultant(s) and the Tenant shall pay for all reasonable costs, charges, fees, disbursements and expenses of the Landlord's Consultant(s), an estimate for which will be notified to the Tenant beforehand. In all other cases, the removal and restoration works in respect of the Premises shall be carried out by a contractor approved by the Landlord, which approval shall not be unreasonably withheld Provided Always that the Tenant shall obtain all necessary governmental and/or statutory consents and approvals in respect of the restoration works before commencing the same and shall comply with all statutes and with the terms, conditions and requirements of all such consents and approvals in the execution of any restoration works; and
- (iii) make good all damage or defacement done to the Premises or the Building by the restoration works or by the removal of the Tenant's furniture, fixtures, fittings and effects,

AND if the Tenant fails to comply with and perform its obligations under this sub-clause, the Landlord may (but shall not be obliged to) do all things necessary to effect such compliance and/or performance to the Landlord's satisfaction. If the Landlord carries out the necessary works, the Landlord must endeavour to complete the works as soon as possible. The Tenant shall on demand pay all costs incurred by the Landlord in connection therewith and an administrative fee at 7.5% of the costs incurred and a sum equivalent to the Rent and Service Charge for and calculated based on the period taken by the Landlord to complete the works. In the event that the period taken extends beyond the expiry of three (3) months after the expiry of the Term, the Tenant shall pay to the Landlord a sum equivalent to double the Rent and Service Charge for such period which falls after the three (3) months period as aforesaid. Such costs, the Rent, Service Charge and other amounts shall be a debt due from the Tenant to the Landlord and recoverable forthwith as such. For the avoidance of doubt, any request for reinstatement works to be carried out after expiry or sooner determination of the Term shall be at the sole discretion and under the direction of the Landlord.

5.aj Indemnity

The Tenant shall indemnify and keep indemnified the Landlord in full from and/or against the following where the same has been caused directly or indirectly by the Tenant or by any of the Tenant's occupiers:

- (i) all claims demands actions suits proceedings orders damages costs losses and expenses of any nature whatsoever which the Landlord may suffer or incur in connection with loss of life personal injury and/or damage to property arising from or out of any occurrences in upon or at the Premises or the use of the Premises or any part thereof; and
- (ii) all loss and damage to the Premises and the Building or any part thereof and to all property therein and in particular but without limiting the generality of the foregoing caused directly or indirectly by the use or misuse waste or abuse of water gas or electricity or faulty fittings or fixtures of the Tenant.

Provided That:

- (1) No claims demands actions or proceedings shall be made or brought by the Landlord against the Tenant and the Tenant shall not be liable to the Landlord for any loss, damage, costs or expenses arising from or in connection with the wilful default or gross negligence of the Landlord, its employees, agents, independent contractors, authorised persons or licensees.
- (2) However in the case where there is contributory negligence on the part of the Tenant, the Tenant shall be liable under this Clause 5.36 to indemnify the Landlord but only to the extent of its negligence, which caused the loss of life, personal injury and/or damage to property arising from or out of any occurrences in upon or at the Premises or the use of the Premises or any part thereof.

5.ak Rules and regulations

To observe and perform and to cause all the Tenant's Occupiers to observe and perform all the rules and regulations made by the Landlord from time to time for the management safety care or cleanliness of the Building and the Building or for the preservation of good order therein or for the convenience of tenants and notified in writing by the Landlord to the Tenant from time to time Provided Always that:

- (i) reasonable prior notice shall be given to the Tenant before implementation of the rules and regulations; and
- (ii) the Landlord shall not be liable to the Tenant in any way for violation of the rules and regulations by any persons including other tenants of the Building or the employees, independent contractors, agents, visitors, invitees or licensees thereof.

Where there is a conflict between the provisions of this Agreement and such rules and regulations, the provisions of this Agreement will prevail.

5. al Re-letting

Save where the Tenant has exercised the Option Term, to permit the Landlord and/or its agents and/or any prospective tenants of the Landlord during the twelve (12) calendar months prior to the expiry of the Term upon prior appointment to have free ingress to and egress from the Premises to view the Premises for the purpose of letting the same.

5. am Legal costs and expenses (Indemnity by Tenant)

The Tenant shall pay or indemnify the Landlord (on a full indemnity basis) against:

- (i) the stamp duty including penalty fees, adjudication fees and additional stamp duty (if any) in respect of this Agreement and any other document relating to this Agreement herein; and
- (ii) all legal costs and fees and such other expenses incurred by the Landlord in consulting solicitors and/or in connection with the enforcement of any provision of this Agreement in the event that the Tenant acknowledges or does not dispute that it is in breach or is adjudged by a court, tribunal or arbitrator to be in breach of any provision of this Agreement.

5. an Disposal of waste by Tenant

To dispose of all swill debris and waste materials of whatever nature (including, but not limited to, noxious industrial waste, packaging materials and trade waste) in a manner prescribed by the Landlord and in accordance with the requirements of the relevant authorities failing which the Landlord reserves the right (without under any obligation to do so) to dispose of the same as aforesaid and all costs and expenses incurred by the Landlord in this respect (including but not limited to the costs of treating any waste materials before disposal) shall be paid by the Tenant to the Landlord within fourteen (14) days of the Landlord notifying the Tenant of the amount thereof Provided Always that in the event that the Tenant is unable or unwilling to comply with the manner of swill debris and/or waste removal prescribed by the Landlord, the Tenant shall engage the services of a cleaning contractor appointed by the Landlord (as a third party contractor and not an employee or agent) to be responsible for the swill/debris/waste disposal on the following terms and conditions:

- (i) The Tenant shall pay for its share of the costs of engaging the said contractor, which share shall be calculated by dividing the area of the Premises by the sum of the area of all units engaging the services of the said contractor. A certificate by the Landlord setting out the Tenant's said share shall be deemed to be final and conclusive (save for manifest error) and binding on all parties.
- (ii) The Tenant shall give the Landlord one (1) month's prior written notice of its intention to engage the said contractor.

- (iii) The said contractor shall carry out its services only in accordance with the Landlord's prescribed guidelines.
- (iv) Subject to the provisos to Clauses 9.6 and 9.7 which shall apply hereto as if expressly set out herein, the Landlord shall not be responsible for any damage loss costs or expenses resulting directly or otherwise from the services of the said contractor.
- (v) Subject to the extent of the Tenant's liability as set out in Clause 5.40(a), the Tenant shall indemnify and keep the Landlord indemnified against any claim relating to any damage loss costs or expenses under this Clause 5.40.

For the avoidance of doubt, the Service Charge payable by the Tenant shall not include the costs and expenses to be borne by the Tenant for any of the above-mentioned swill, debris and waste disposal.

5.ao Subdivision

Not during the continuance of the Term to register this Agreement nor lodge any caveat or notification of this Agreement at the Singapore Land Authority or at any other registry in Singapore, nor shall the Tenant be entitled to require the Landlord to subdivide the Building or to do any act or thing which could result in the Landlord being required to subdivide the Building.

5.ap Air-conditioning

To periodically inspect, service, repair, overhaul and maintain to the satisfaction of the Landlord the air-conditioning unit system installed in the Premises, including but not limited to the air-conditioning ducts, and to pay the costs and charges thereof.

5.aq Other Charges

To pay all charges in respect of any service which the Landlord has provided to the Tenant in relation to the Premises from time to time, at the Tenant's request, as may be imposed by the Landlord. The Landlord may apply and apportion any amount received in whatever order as it deems fit.

5.ar Observance of Head lease

Not to do or omit any act or thing which is likely to cause the Landlord to be in breach of its obligations under the Head Lease.

5.as Corridor Area #04-10/11(C) and #04-12/13(C)

- (i) Notwithstanding anything herein contained, the lease of corridor area #04-10/11(C) and #04-12/13(C) of the Premises ("**Corridor Area**") shall be subject to the prior written consent of JTC on terms and conditions (if any) which JTC may impose and which are acceptable to the Landlord (in its sole and absolute discretion).
- (ii) The Tenant may, at its own cost and expense, integrate the Corridor Area, i.e. the corridor area between unit #04-10 and #04-11 as well as the corridor area between unit #04-12 and #04-13 ("**Integration of Corridor Area**"), subject to the following conditions and such other conditions as may be notified by the Landlord to the Tenant from time to time:

- (1) the Tenant shall first obtain clearance from the Landlord and the relevant authorities including and not limited to Singapore Civil Defence Force ("SCDF") on the proposed layout first before commencement of any works.
- (2) the Tenant shall be responsible for obtaining, complying with and keeping in force all governmental and regulatory approvals, authorisations, consents, licences, permits and clearances which are necessary or desirable in relation to or in connection with the Integration of Corridor Area;
- (3) all fees, costs and expenses in relation to or in connection with the installations and works which are necessary or desirable to be undertaken for the Integration of Corridor Area shall be borne by the Tenant;
- (4) the Tenant shall carry out all the necessary works in connection with the Integration of Corridor Area including but not limited to the following: -
 - (aa) the Tenant shall terminate the existing lightings, exit lights, motion sensors and public access speakers ("PA Speakers") at the Corridor area and handover to the Landlord. The Tenant shall at own cost and expenses, provide the power supply / services to suit their needs and comply with the relevant authorities' regulations;
 - (bb) the Tenant shall terminate the provisions for the aircon supply air duct and fresh air duct at the Corridor area and reconnect it with air con ducting located from its units;
 - (cc) the Tenant shall modify the sprinkler layout to suit their needs and comply with relevant authorities' regulations;
 - (dd) the Tenant shall dismantle the Fire Extinguishers with cabinets at Corridor area and return the cabinets to the Landlord;
 - (ee) the Landlord shall handover the Fire Extinguishers at Corridor area to the Tenant;
 - (ff) the Tenant shall dismantle the card access system at Staircase 5 and return to the Landlord;
 - (gg) Landlord shall handover the hose reel, call point and alarm bell at staircase 5 to the Tenant;
 - (hh) the Tenant shall ensure that the A&A works for the units shall not affect other tenants' fire escape route;
 - (ii) the Tenant shall enclose both corridor spaces with full height partition wall or door; and
 - (jj) the Tenant shall obtain the Fire Safety Certificate ("FSC") for the A&A works and submit to the Landlord.

Unless otherwise required by the Landlord, the Tenant shall, upon the expiry or sooner determination of the Term reinstate the Corridor Area to its original condition in accordance with the Terms of Lease.

6. HOLDING OVER

If the Tenant fails to deliver vacant possession of or continues to occupy the Premises after the expiration of the Term and there is no express agreement between the Landlord and the Tenant to extend the Term, the Tenant shall be deemed to be holding over and, without prejudice to any right or remedy of the Landlord, shall pay to the Landlord for every day of such holding

over double the amount of Rent or the prevailing market rent for the Premises (whichever is higher) and double the amount of Service Charge and there shall be no renewal of this Lease by operation of law or pursuant to the provisions of this Lease Provided always that the Tenant may continue to occupy the Premises for a period of three (3) months after the expiration of the Term at the same Rent and Service Charge subject to the Tenant giving written notice to the Landlord of its intention to do so no later than three (3) months before the expiration of the Term. Save as provided, the provisions herein shall not be construed as the Landlord's consent for the Tenant to hold over after the expiration or earlier determination of the Term. All sums under this Clause shall be payable by the Tenant to the Landlord within fourteen (14) days of demand.

7. INDEMNIFICATION AGAINST ALL OTHER LOSSES AND DAMAGES

Without prejudice to the Landlord's rights under Section 28(4) of the Civil Law Act 1909, and/or any of the Clauses provided herein, the Tenant will reimburse or indemnify the Landlord against all other losses and damages suffered by the Landlord as a result of the Tenant's breach or non-observance of any of the terms in this Lease, save where the same has arisen as a result of the gross negligence or wilful default of the Landlord, and/or, save as provided in Clause 6, the Tenant's holding over of the Premises after the expiration of the Term hereby created.

8. LANDLORD'S COVENANTS

The Landlord hereby agrees with the Tenant as follows:

8.a Quiet enjoyment

That the Tenant duly paying the monthly Rent and monthly Service Charge hereby reserved and observing and performing the several provisions and stipulations on the Tenant's part hereinbefore contained the Tenant shall peaceably hold and enjoy the Premises during the Term without any disturbance by the Landlord or any person lawfully claiming under or in trust for the Landlord.

8.b Destruction

In the event of the Premises or any part thereof at anytime during the term hereby created being so damaged or destroyed by fire act of God or other cause beyond the control of the Landlord as to render the Premises unfit for use or access thereto impossible then (except where such fire has been caused by the default or negligence of the Tenant or the Tenant's servants or agents) the Rent and Service Charge hereby reserved or a fair proportion thereof according to the nature and extent of the damage sustained shall be suspended until the Premises shall again be rendered fit for occupation and use or until access thereto may be obtained as the case may be.

If the unfitness of the Premises or inaccessibility thereto as aforesaid shall continue for a period of more than sixty (60) days, either the Landlord or the Tenant shall be at liberty by notice in writing to determine the Term hereby created and upon such notice being given the Term hereby granted shall absolutely cease and determine but without prejudice to any right of action of the Landlord or the Tenant in respect of any antecedent breach of this Lease by the Tenant or the Landlord as the case may be. Notwithstanding anything herein contained the Landlord shall not be bound to rebuild or reinstate the Premises or any part thereof unless the Landlord shall in its discretion think fit. Upon such termination, the Tenant must (if still in occupation) vacate the Premises without having to reinstate the Premises in accordance with Clause 5.35.

8.c Fire insurance

At all times throughout the Term hereby created to insure the Building (excluding the fixtures and fittings of the Tenant) against loss or damage by fire.

8.d Repair

To keep in proper state of repair and condition:

- (1) the structure and roof and the main drains and pipes; and
- (2) the mechanical and electrical services and other services, amenities and facilities in the Building provided by the Landlord from time to time to serve the Premises in the Building or for common use or benefit of all occupiers of the Building.

8.e Services

So far as practicable and subject always to Clause 9.7(g) to provide and pay for:

- (1) (where there are lift(s) in the Building) the lift services during the hours specified in Item 12 of the Third Schedule and as further provided in Clause 9.13B;
- (2) air-conditioning in the Premises during the hours specified in Item 13 of the Third Schedule PROVIDED ALWAYS that the Landlord shall at the request of the Tenant and at the Tenant's costs and expense extend such services beyond the specified hours subject always to Clause 5.2;
- (3) air-conditioning services in such parts of the Common Area as the Landlord deems fit and such other relevant services provided by the Landlord in the Building PROVIDED ALWAYS that the Landlord may not extend the provision of the air-conditioning services beyond the usual operating hours in such parts of the Common Area due to repairs, maintenance works or any other reasons beyond the Landlord's control in which case, the Landlord shall inform the Tenant accordingly;
- (4) electricity and water as are necessary for the lighting of the passages corridors lavatories and other parts of the Building used by the Tenant in common with others; and
- (5) the services set out in the Fifth Schedule.

8.eA Chilled Water Supply

Subject always to Clause 9.7, the Landlord shall supply chilled water to the data room located on the fifth (5th) floor of the Building, and the Tenant shall pay for such supply of chilled water at the rate of \$0.46 per cubic metre of chilled water or such other rate as the Landlord may, acting reasonably, from time to time notify the Tenant, save that the Landlord does not have to so supply in the following circumstances:-

- (i) in the event of a power failure affecting the cooling equipment used for chilling water (the "Chilled Water Cooler") and/or those equipment, installation(s) or system(s) (including connection points and valves) used for the distribution of the chilled water (the "Distribution System");

- (ii) in the event the Chilled Water Cooler and/or the Distribution System fails to operate or is required to cease operation, whether by reason of repairs or maintenance or otherwise;
- (iii) in the event that the air-conditioning system for either the whole of the first (1st) floor warehouse area, or the whole of the third (3rd) floor production area, or for both such areas, is not in operation; and/or
- (iv) in the event that the Landlord is unable to so supply for reasons beyond the Landlord's reasonable control.

8.f Land Rent and Property Tax

To pay the land rent payable to JTC in respect of the Land and subject always to Clause 5(c) to pay all property tax imposed upon or in respect of the Premises.

8.g Other Services

That the Landlord may at the Tenant's request agree (but shall not be obliged) to provide such services in relation to the Premises from time to time as the Tenant may require, subject to the payment of such fees as the Landlord may impose.

8.h Licence for reception area

- (i) The Landlord shall grant the Tenant a licence (the "**Licence**") to use such area at the ground floor main lobby of the Building with an estimated area of approximately 560 square feet as shown delineated in red in the plan attached hereto and marked "**Appendix 5**" for the purpose of identification (the "**Licensed Area**") for the duration of the Term, free of any licence fee or service charge.
- (ii) The Licensed Area shall be used as the Tenant's reception area and the Tenant shall be allowed to set up their reception or concierge counter at the Licensed Area.
- (iii) The design of the Licensed Area shall be subject to the approval of the Landlord, which approval shall not be unreasonably withheld.
- (iv) The Tenant may install a signage within the Licensed Area and the exact location and design of the signage shall be subject to the approval of the Landlord, which approval shall not be unreasonably withheld.
- (v) The Tenant shall bear the costs of fitting out the Licensed Area and the installation of the signage.
- (vi) The Landlord shall not, and shall not permit or suffer any other person to, erect or place any other concierge or reception counter or desk at the ground floor main lobby of the Building for the duration of the Term, save for the erection or placing of any counter or desk on a temporary basis subject to the prior written approval of the Tenant (which approval shall not be unreasonably withheld).
- (vii) At the expiry or sooner determination of the Term (unless renewed) or in the event of termination of the Licence, the Tenant must at its own cost and expense yield up the Licensed Area to the Landlord together with the fixtures and fittings therein in the state and condition as at the date the Tenant commences occupation of the Licensed Area and shall comply with the provisions of Clause 5.35.

- (viii) The use of the Licensed Area shall be subject to the same covenants and conditions of this Lease (to the extent applicable to a licence and in so far as such covenants and conditions are not inconsistent with the provisions of this Clause 8.8.
- (ix) The Tenant has a personal right of occupation in respect of the Licensed Area on the terms specified in this Lease and has no interest in the land on which the Licensed Area is situated. The licence of the Licensed Area contained in this Lease shall not create a tenancy. The legal right to possession and control over the Licensed Area remains vested in the Landlord throughout the Term of the licence in respect of the Licensed Area.
- (x) Nothing in this clause shall prevent or restrict the Landlord from displaying a tenants' directory board within the Licensed Area. The size and design of such directory board shall be subject to the Tenant's consent, which shall not be unreasonably withheld.

8A PERSONAL DATA

In respect of any Personal Data that the Tenant may provide or that the Landlord may collect in connection with this Lease and to the extent that the Tenant's consent is required under PDPA, the Tenant agrees that the Landlord (together with the Landlord's employees, agents or independent contractors appointed by the Landlord) may collect, use, disclose and process such Personal Data for the following purposes:-

- (1) to conduct appropriate due diligence checks;
- (2) to perform administration of the Lease including the verification of the Tenant's representatives identity, preparation of Lease documentation; and
- (3) any other purpose relating to the Lease, (collectively referred to as "Purposes").

If the Tenant provides the Landlord or the Landlord's agents, employees, servants, Landlord's Consultants or independent contractors appointed by the Landlord with Personal Data of any individual (including, where applicable, the Tenant's Occupiers), the Tenant represents and warrants to the Landlord that the Tenant has obtained such individual's consent for, and hereby consents on behalf of such individual to, the collection, use, disclosure and processing of his/her Personal Data by the Landlord or the Landlord's employees, agents or independent contractors appointed by the Landlord in accordance with the Purposes and in compliance with PDPA.

Any consent given pursuant to this Lease in relation to Personal Data shall survive death, incapacity, bankruptcy or insolvency of any such individual and the termination or expiration of this Lease.

8B ENVIRONMENTAL SUSTAINABILITY

The Tenant agrees and acknowledges that the Landlord shall be entitled to operate, manage and maintain the Building so as to maintain / achieve the relevant BCA Green Mark (if applicable).

Without prejudice to the generality of the other terms in the Lease, the Tenant shall:

- a. use its best endeavours to comply with all the provisions of this Lease, the guidelines and prescriptions in the Fitting Out Manual, Green Building Guide and any other document issued by the Landlord from time to time, on environmental sustainability in carrying out fitting-out works, addition and alteration works in the Premises and in connection with its occupation of the Premises pursuant to this Lease (including, but not limited to, co-

operating with the Landlord and the relevant authorities if and when requested to review its energy consumption in connection with its operations at the Premises);

- b. co-operate, support and participate in the Landlord's green environmental friendly programs for the Building ("Green Programs") which the Landlord implements from time to time, including all proposals and/or advice by the Landlord regarding any initiatives and/or matter relating to the Green Programs.
- c. implement a waste management program, at its own costs and expense to reduce, reuse and recycle waste and minimise waste generated from the Premises. The Tenant shall submit a waste management report for the Premises in the prescribed form (which shall include information relating to waste generation and management) to the Landlord as part of the Building's annual submission to the relevant authorities; and
- d. use its best endeavours to provide the Landlord, on an annual basis or upon request from time to time as well as periodic intervals by the Landlord, with information relating to its energy and water consumption in the Premises for any specified period.

The Landlord shall not be responsible for or liable to the Tenant for any inconvenience, loss, damage, compensation costs or expense whatsoever and howsoever arising from the Tenant's obligations or compliance with the provisions of this Lease or the Fitting Out Manual or the Green Building Guide in connection with environmental sustainability or participation and compliance with the Green Programs.

9. GENERAL PROVISIONS

Provided always that it is hereby agreed and declared as follows:

9.a Interest

Without prejudice to the Landlord's rights reserved under Clause 9.2 hereinafter appearing the Landlord will charge interest at the rate of twelve per cent (12%) per annum after as well as before any judgement is obtained calculated on a daily basis computed from the due date for the payment of all monies due under this Lease up to (but excluding the actual date of payment) if the said monies remain unpaid for fourteen (14) days after its due date (whether formally demanded or not).

9.b Re-entry

- (1) If the Rent or Service Charge or any other monies hereby reserved or any part thereof shall at any time be unpaid for ten (10) days after becoming payable (whether formally demanded or not) or if any stipulation on the Tenant's part herein contained shall not be performed or observed and the Tenant has not remedied such breach within fourteen (14) days after receiving the Landlord's written notice to that effect (or such longer period as the Landlord may reasonably stipulate having regard to the nature and extent of the breach) or if the Tenant makes any assignment for the benefit of his creditors for a composition in satisfaction of his debts or if being a company makes any arrangement with its creditors for liquidation of its debts by composition or otherwise or if it shall go into liquidation (except for the purpose of amalgamation or reconstruction) or if a receiver shall be appointed then and in anyone of the said cases it shall be lawful for the Landlord at any time thereafter to re-enter the Premises or any part thereof in the name of the whole and thereupon this tenancy shall absolutely cease and determine but without prejudice to the right of action of the Landlord in respect of any antecedent breach of the Tenant's stipulations herein contained.

- (2) If the Rent or Service Charge or any other monies hereby reserved or any part thereof shall at any time be unpaid after becoming payable (whether formally demanded or not), the Landlord shall have the right to distrain in the manner provided by the Distress Act 1934. For the avoidance of doubt, for the purposes of distress herein, the Service Charge and all other monies payable herein by the Tenant (including but not limited to utilities charges, legal costs and expenses and car park charges) shall be treated as part of the rent distrained.

1.a Removal of goods

- (1) Upon the Landlord becoming entitled to re-enter the Premises pursuant to any provision of this Lease, any goods and/or fittings (which expression where hereinafter used in this Clause (a) shall include personal property of every description) found in the Premises after re-entry shall be deemed to be abandoned by the Tenant and the Landlord upon entering into possession of the Premises may sell, retain or dispose of the same at such time or times and at such price or prices as the Landlord shall think fit and without prejudice to the other rights and remedies of the Landlord, the Landlord shall after payment out of the proceeds of sale the costs and expenses connected with the said sale apply the net proceeds of sale towards payment of all arrears of rent and the interest thereon and all other sums of money due and payable by the Tenant to the Landlord under this Lease and the balance (if any) shall be paid over to the Tenant.
- (2) Notwithstanding anything herein contained, if this Lease shall come to an end whether by effluxion of time or otherwise and the Tenant shall fail to remove all his goods (which expression where hereinafter used shall include personal property of every description) from the Premises forthwith or if the Tenant shall abandon the Premises and the Tenant shall be deemed to have abandoned the Premises and terminated this Lease unilaterally if the Tenant without the consent of the Landlord fails to open the Premises for business for a continuous period of thirty (30) days then and in any of the said cases it shall be lawful for the Landlord to sell or otherwise dispose of the goods of the Tenant in the Premises at such time or times and at such price or prices as the Landlord shall think fit and without prejudice to the other rights and remedies of the Landlord, the Landlord shall after payment out of the proceeds of sale the costs and expenses connected with the said sale apply the net proceeds of sale towards payment of all arrears of rent and the interest thereon and all other sums of money due and payable by the Tenant to the Landlord under this Lease and the balance (if any) shall be paid over to the Tenant.
- (3) The Tenant shall indemnify the Landlord against any and all liability incurred by the Landlord to any third party whose property shall have been sold or disposed of by the Landlord in the bona fide belief (which shall be presumed unless the contrary be proved) that such property belonged to the Tenant and was liable to be dealt with as such pursuant to this Clause (c).
- (4) For the avoidance of doubts, it is hereby expressly declared that the provisions of Clauses 9.3(a) and 9.3(b) above are in addition and without prejudice to the Landlord's rights under the Distress Act.

1.b Amendment of rules and regulations

The Landlord shall have the right at any time and from time to time to make, add to, amend, cancel or suspend such rules and regulations in respect of the Building as in the judgment of the Landlord may from time to time be required for the management, safety, care and/or cleanliness of the Building and the Building and/or for the preservation of good order therein and/or the convenience of tenants and all such rules and regulations shall bind the Tenant upon

and from the date on which notice in writing thereof is given by the Landlord to the Tenant. Where there is a conflict between the provisions of this Agreement and the provisions of such rules and regulations the provisions of this Agreement shall prevail.

1.c No enforcement of other covenants

Nothing herein contained shall confer on the Tenant any right to enforce any covenant or agreement relating to other portions of the Building and/or the Building demised by the Landlord or limit or affect the right of the Landlord in respect of any such other premises to deal with the same. The Landlord reserves the right to impose and/or vary such terms and conditions in respect thereof in any manner as the Landlord may think fit.

1.d No liability

Notwithstanding anything herein contained the Landlord shall be under no liability either to the Tenant or the Tenant's Occupiers or to others who may be permitted to enter or use the Building or any part thereof for accidents happening or injuries sustained or for loss of or damage to property goods or chattels in the Building or in any part thereof whether arising from the negligence or otherwise of the Landlord or that of any servant or agent of the Landlord Provided that the provisions of this Clause shall not apply in the event of any loss or damage arising from the wilful default or gross negligence of the Landlord, its employee, agent or independent contractor.

1.e No claims

Notwithstanding anything herein contained the Landlord shall not be liable to the Tenant, its agents, servants, invitees or licensees nor shall the Tenant have any claim against the Landlord in respect of:

- (1) any interruption in any of the services hereinbefore mentioned by reason of necessary repair or maintenance of any installations or apparatus or damage thereto or destruction thereof by fire, water, riot, act of God or other cause beyond the Landlord's control or by reason of mechanical or other defect or breakdown or other inclement conditions or shortage of manpower, fuel, materials, electricity or water or by reason of labour disputes;
- (2) any act, omission, default, misconduct or negligence of any porter, attendant or other servant or employee, independent contractor or agent of the Landlord in or about the performance or purported performance of any duty relating to the provision of the said services or any of them;
- (3) any damage, injury or loss arising out of explosion, falling plaster, escape of water or leakage of or defect in the piping, wiring and/or sprinkler system in the Building and/or the structure of the Building and/or any defect in the Building and/or any of the same arising in respect of the Building;
- (4) any damage, injury or loss due to any accident or circumstances whatsoever occurring or any works whatsoever (and however extensive) being carried out at the Premises, the Building or any part thereof or arising out of any defect or flaw whatsoever in or non-performance of any of the equipment, products, systems and processes utilised by the Landlord (including without limitation all hardware, software and networks);
- (5) any damage, injury or loss caused by other tenants, occupants or any independent contractor or any persons whatsoever or from any occurrence or works at any other premises or within the Premises, the Building or any part thereof;

- (6) any nuisance, interference, obstruction, disturbance or other inconvenience or any loss of business caused by any works carried out, whether by the Landlord or otherwise, on or in respect of the Premises, the Building or any part thereof;
- (7) any loss of life, personal injury and/or damage to property arising from or out of anything else done in connection with the Premises; and
- (8) any loss or damage to the Premises or any property herein caused directly or indirectly by the main contractor or by any other contractor or any attendant, servant or employee of the Landlord in or about the performance or purported performance of any duty relating to the Premises.

Provided that the provisions of this Clause shall not apply in the event of any loss or damage arising from the wilful default or gross negligence of the Landlord, its employee, agent or independent contractor.

1.f Vicarious liability

No architect, engineer or other consultant or contractor of any kind (including without limitation any contractors providing cleaning and waste removal services) approved, nominated or appointed by the Landlord or the Tenant for any purpose related to this Agreement or the Premises shall in any way be deemed to be the agent or employee of the Landlord, and the Landlord shall not in any way be liable nor responsible for any act, omission, default, misconduct or negligence of such architect, engineer, consultant or contractor.

1.g Alterations to the Building

The Landlord shall be at liberty at any time and from time to time and in any manner whatsoever to improve, extend, amend, alter, renovate and/or refurbish the the Building (excluding the Premises) and/or the Common Area Provided that any works which the Landlord carries out under this Clause shall not result in a breach of the Key Parameters, or any of them. Without limiting the generality of the foregoing, the Landlord may increase the total lettable floor area of the Building and/or the Building in any manner whatsoever notwithstanding that by so doing, the access of light or air to the Premises or any liberties, easement, right or advantage belonging to the Tenant may thereby be diminished or interfered with or prejudicially affected (but not so as to interfere unreasonably with the Tenant's use and enjoyment of the Premises) and for the purposes of this sub-clause or any purposes whatsoever, the Landlord and its duly authorised agents with or without workmen may at all reasonable times enter upon the Premises by prior appointment, the Common Area and/or any part of the Building to do such works, acts and things as the Landlord may deem necessary.

1.h Change of name

- (1) The Landlord agrees that, subject to the Landlord's prior written approval as to the name (which approval shall not be unreasonably withheld) and the Tenant occupying at least 247,572 square feet of the net lettable area of the Building, the Tenant shall have the right, for the duration of the Term to:
 - (a) name the Building; and
 - (b) change the name of the Building.

Provided Always that the Tenant's naming rights to the Building shall lapse one (1) month prior to the expiry of the term then in force in the event that the Tenant does not exercise the Option Term and renew this Lease after expiry of the Term, whereupon

the Landlord shall, subject to Clause 9.10(d), be vested with the naming rights to the Building.

- (2) The Landlord shall not be entitled to any naming rights to the Building during the Term (save as provided in Clause 9.10(a)).
- (3) Where the Tenant requires a change of the name of the Building, the Landlord shall endorse on any application, notice or other document that may be necessary by the Tenant to be filed with the relevant authority to facilitate any such change in the name of the Building. The Landlord shall return to the Tenant the relevant application, notice or other document duly endorsed by it within fourteen (14) days of the Tenant's delivery of the same to the Landlord for endorsement.
- (4) At the expiration or sooner determination of the Term, the Landlord shall, at the Tenant's request or if the Tenant has not on its own accord done so, within fourteen (14) days after such date of expiration or earlier determination of the Term, at the Tenant's cost and expense, apply to the relevant authority for the cessation of the use of such name as may be used as the name of the Building as at such expiration or sooner determination of the Term and in this connection, the Landlord hereby undertakes not to use the Tenant's name as the name of the Building at any time thereafter.

1.i CSC

Without prejudice to the generality of Clause 9.9 above, if at any time after the delivery of the Premises to the Tenant but before the issue of the CSC (or its equivalent) in respect of the Building, any governmental, statutory or other competent authority having jurisdiction over or in respect of the Premises or the user thereof requests, requires, notifies or orders any alterations, additions, conversions, improvements or other works to be made/carried out to the Premises, the Tenant shall at all times permit the Landlord and its workmen and agents to enter upon the Premises for the purpose of making or carrying out any such alterations, additions, conversions, improvements or other works. The Tenant shall, if so requested by the Landlord, remove such of the Tenant's installations, machinery, furniture, fixtures or articles as the Landlord may specify in order to facilitate or enable the Landlord and its workmen and agents to carry out the necessary works.

1.j Tenant not to jeopardise CSC

In the event that the issue of the CSC for the Building is rejected or otherwise withheld or delayed as a result of any modification, alteration or addition or any installation carried out or caused to be carried out by the Tenant without the prior written consent of the Landlord or as a result of any act, default or omission on the part of the Tenant, the Landlord may by notice in writing require the Tenant to rectify the same within a period of fourteen (14) days. If the Tenant fails to rectify the same within the said period of fourteen (14) days, the Landlord, its workmen and/or agents shall be entitled to enter upon the Premises and carry out such works as may be necessary to comply with the requirements of the competent authorities. The cost of such works and any losses or damages suffered by the Landlord consequent upon the rejection, withholding or delay (as the case may be) of the CSC as aforesaid shall be a debt due by the Tenant and recoverable forthwith.

1.k Car parks

- (i) The Landlord shall provide to the Tenant **190** car park lots at the Premises during the Term (the "**Allocated Car Park Lots**") free of charge for the use of the Allocated Car Park Lots.

- (ii) The Tenant shall have a one-time first right of refusal in respect of the allocation of the **191st to 230th** car park lots at the rate of S\$90 per lot per month. Any further request for car park lots is subject to availability on a first-come-first-served basis at the same rate of S\$90 per lot per month. The Landlord shall, acting reasonably, be entitled at any time and from time to time to revise these rates by giving to the Tenant at least one
1. week's written notice.

9.13A Designated Loading Docks

- (1) The Landlord shall for the duration of the Term provide the Designated Loading Docks for use by the Tenant and all persons authorised by the Tenant, free of charge. Where any of the Designated Loading Docks is not in use, any occupier in the Building may use the same provided always that when the Tenant or persons authorised by the Tenant wishes to use the Designated Loading Docks and notifies the Landlord accordingly, the Landlord shall take appropriate steps to clear such occupier from the Designated Loading Docks, in order to facilitate the use of the same by the Tenant or other person(s) authorised by the Tenant .
- (2) The Tenant may at its own cost and expense upgrade dockleveler 9 located at the Designated Loading Docks (as demarcated in red on the plan attached hereto and marked Appendix 4) ("**Dockleveler 9**") during the Term subject to the following terms and conditions ("**Dockleveler Upgrading Works**").

The Tenant shall:-

- (a) pay to the Landlord a monthly licence fee of **Singapore Dollars Thirty-Eight and Cents Sixty-Seven Only (S\$38.67)** in advance without any deduction whatsoever on or before the first day of each calendar month;
- (b) prior to the commencement of the Dockleveler 9 Upgrading Works, at its own cost and expense obtain and maintain in full force and effect all such licences, permits, approvals, clearances and/or consents (collectively, "Approvals") which are required by relevant laws, regulations and/or codes for the Dockleveler 9 Upgrading Works, and pay for all costs, fees and charges associated with such Approvals;
- (c) ensure no work be carried out beyond dock leveler pit;
- (d) at its own cost and expense carry out all necessary works throughout the Term to maintain the Dockleveler 9 in tenantable working condition at all times;
- (e) at its own cost and expense take up or procure to take up maintenance contract with a competent dockleveler contractor/vendor for servicing and maintenance of Dockleveler 9 including any ad-hoc repairs and replacement works. The Tenant shall provide service reports of such maintenance on request by the Landlord at any time during the Term; and
- (f) upon expiry or sooner determination of the Term, hand over the loading/unloading bays, dock levelers and roller shutters (where applicable) in tenantable working condition, fair wear and tear excepted to the Landlord accompanied by the service reports. No reinstatement works of Dockleveler 9 are required to be carried out by the Tenant unless the Landlord deem that Dockleveler 9 is of a lower specification as compared to the rest of the docklevelers at the Designated Loading Docks.

9.m B Lift/Cargo Lift

Subject to the Landlord's right to cease the operation of the lifts for repairs and maintenance works and provided that the Tenant occupies at least **247,572** square feet of the net lettable area of the Building, the Landlord shall for the duration of the Term, provide to the Tenant for exclusive use by the Tenant and all persons authorised by the Tenant free of charge, two (2) cargo lifts at the Building as shown delineated in red in the plan attached hereto and marked Appendix 6 for the purpose of identification. The operating hours for the cargo lifts are as follows:

- (1) one (1) of the two (2) cargo lifts designated for the Tenant's use and one (1) of the other two (2) cargo lifts for common use by all tenants of the Building shall operate for twenty-four (24) hours from Mondays to Sundays (gazetted public holidays included); and
- (2) the other cargo lift designated for the Tenant's use and the other common cargo lift shall operate from 6.00 a.m. to 12.00 midnight from Mondays to Sundays (gazetted public holidays included).

The Landlord shall for the duration of the Term provide the use of all four (4) passenger lifts at the following operating hours:

- (a) two (2) passenger lifts located at the rear lobby shall operate for twenty-four (24) hours from Mondays to Sundays (gazetted public holidays included); and
- (b) two (2) passenger lifts located at the front lobby shall operate from 6.00 a.m. to 12.00 a.m. from Mondays to Fridays and from 6.00 a.m. to 1.00 p.m. on Saturdays (Sundays and gazetted public holidays excluded).

9.n Option to Renew

The Tenant shall be entitled to an option to renew the Lease Agreement, subject to JTC's consent and such renewal lease term shall be called an "**Option Term**" and shall be for the following periods:

- (i) In the event the Landlord's leasehold estate in the Land under the Head Lease is extended, ten (10) years; or
- (ii) In the event the Landlord's leasehold estate in the Land under the Head Lease is not extended, such period equivalent to the remainder of the Landlord's leasehold estate in the Land, less one day or such other term as may be agreed between the Landlord and the Tenant,

commencing on the day after expiry of the Term (the "Option to Renew").

Terms of the Renewed Leases

The lease for the Option Term shall contain the same terms and conditions as this Agreement save for:

- (1) this Clause 9.14, which shall be omitted entirely from the lease relating to the Option Term; and
- (2) the Rent and Service Charge in respect of the Premises which shall be revised and determined in the manner provided in the Sixth Schedule hereto.

Exercise of Option to Renew

- (3) To exercise its Option to Renew in respect of the Option Term, the Tenant shall give written notice to the Landlord of its intention to exercise such Option to Renew, such notice to be given not less than eighteen (18) months prior to expiration of the Tenant's lease agreement then in force. Provided Always that the Option to Renew for the Option Term shall be in respect of all premises then leased by the Tenant when such notice to renew is given to the Landlord, which includes the Premises and the RFR Premises.

9.o Offer to Purchase

Subject to JTC's right of first refusal pursuant to Clause 6.3(a) of the JTC Letter of Offer and provided that the Tenant occupies at least **247,572** square feet of the net lettable area of the Building:

- (1) The Tenant may approach the Landlord to offer to purchase the Property subject to terms and conditions to be agreed between the Landlord and the Tenant at the point of offer (the "**Offer to Purchase**").
- (2) In the event that the Landlord wishes to sell the Property or receives from a third party any offer to purchase the Property which the Landlord intends to accept, the Landlord shall issue a written notice to the Tenant to that effect, and in the latter case, setting out material details of the offer. If the Tenant notifies the Landlord that it does not wish to purchase the Property within fourteen (14) days or such other period as may be mutually agreed by the Landlord and the Tenant) from the date of the Tenant's receipt of the written notice or if the Tenant does not enter into a binding commitment for the purchase of the Property within fourteen (14) days or such other period as may be mutually agreed by the Landlord and the Tenant from the date of the Tenant's receipt of the written notice, the Landlord shall be entitled to dispose of its interest in the Property to a third party on substantially the same terms and conditions as those offered to the Tenant. If completion of the disposal of the Property does not occur within eighteen (18) months from the date of the Landlord's written notice referred to in this Clause 9.15(b), any proposal to dispose of the Property or to accept any offer to purchase in respect of the same after the aforesaid eighteen (18) month period shall then remain subject to the right of first refusal under this Clause 9.15(b).
- (3) Clause 9.15 is personal to the Landlord and the Tenant and save for assignees which are the Tenant's related corporations, will not enure to the benefit of any other party having or acquiring an interest in the Premises from the Tenant, including the permitted assignees or Sub-Tenant of the Tenant.

9.p Option to Terminate

The Tenant shall have the right to terminate the Lease Agreement after the expiry of sixty (60) months from the Lease Commencement Date without being liable for any penalty, fee (save for any administration fee payable) or compensation whatsoever, by serving on the Landlord not less than twelve (12) months' prior written notice of its intention to terminate, such notice not to be served before sixty (60) months from the Lease Commencement Date, with the intention that the effective date of termination would fall after the expiry of seventy-two (72) months from the Lease Commencement Date (the "**Option to Terminate**").

9.q Partial Surrender Rights

Intentionally omitted.

9.r Right of First Refusal

- (1) For the purposes of this Clause, the following words have the following meanings:
 - (a) "**RFR Premises**" means the space available for rent in the Building from time to time;
 - (b) "**Landlord's Offer**" means the offer made by the Landlord to the Tenant for lease of the RFR Premises at the prevailing market rent but otherwise on the same terms and conditions as are contained in this Agreement ; and
 - (c) "**Tenant's Notice**" means the notice given by the Tenant to the Landlord accepting the Landlord's Offer.
- (2) Subject as provided in this Clause, after the expiry of eighteen (18) months from the Lease Commencement Date, if the RFR Premises becomes available for lease for a term during the Term, the Landlord shall and for as long as the Tenant is occupying at least 247,572 square feet of the net lettable area of the Building, give the Landlord's Offer to the Tenant first before the Landlord can offer that RFR Premises for lease to any other party (the "**Right of First Refusal**"). The Landlord's offer shall be for a lease of the RFR Premises then available, at a rent and service charge which are the prevailing market rates for the RFR Premises but otherwise on the same terms and conditions as contained in this Agreement. If the Tenant:
 - (a) wishes to lease the whole of that RFR Premises (and not part of it), the Tenant must give the Tenant's Notice to the Landlord within fourteen (14) days (time being of the essence) from the date of the Landlord's Offer; or
 - (b) does not give the Tenant's Notice to the Landlord before expiry of the fourteen (14) day period referred to in Clause 9.18(b)(i) then the Tenant shall in such instance be deemed to have rejected the Landlord's Offer for lease of the whole of that RFR Premises (and not part of it) and the Tenant's rights under this Clause 9.18(b)(ii) will not be exercisable by the Tenant for a period of twelve (12) months from the date of that Landlord's Offer. The Landlord may then offer to lease the whole or any part of that RFR Premises to any other party at a rent and on terms determined by the Landlord and shall be under no further obligation to offer to lease the RFR Premises (or any part thereof) to the Tenant until after the expiry of twelve (12) months from the date of that Landlord's Offer if the RFR Premises (or any part thereof) remain available for lease.
- (3) The Landlord is entitled to give first priority to any existing tenant of the RFR Premises to extend or renew its lease over such relevant RFR Premises leased from the Landlord pursuant to an option to renew whether granted to such tenant at the commencement of its term or upon a renewal of that term.
- (4) The right to lease the RFR Premises will absolutely lapse and will not be exercisable by the Tenant during the Term if the Tenant occupies less than 247,572 square feet of the the net lettable area of the Building.
- (5) If the Tenant has fully complied with the provisions of this Clause, the Landlord must grant and the Tenant must accept a lease of the RFR Premises on the terms set out in the Landlord's Offer.

(6) The lease document for the RFR Premises will be prepared by the Landlord at the Tenant's cost and must be signed by the Tenant within fourteen (14) days of receipt.

9.18A Reserved Premises Option

Intentionally omitted.

9.18B Prohibition Regarding Prohibited Parties

9.18B.1 The Landlord hereby undertakes that for as long as the Tenant occupies at least **247,572** square feet of the net lettable area of the Building, it will not:

- (1) grant any lease, licence or other occupation rights in respect of any part of the Building or any part of the Land to a Prohibited Party;
- (2) grant or permit any signages bearing the name or logo of any Prohibited Party to be located on any part of the Building or at any part of the Land; and
- (3) allow any part of the Building or any part of the Land, to be sub-leased, sub-licensed or occupied by any Prohibited Party; or
- (4) sell, assign or otherwise dispose of the Property or any part thereof, to a Prohibited Party.

9.r B.2 The right in this Clause is personal to the Tenant and (save for assignees which are the Tenant's related corporations (as defined in the Companies Act 1967) will not enure to the benefit of any other party having or acquiring an interest in the Premises from the Tenant including a permitted assignee or Sub-Tenant of the Tenant. Provided Always that the prohibitions set out in Clause 9.18B.1 above shall not apply to any occupier who is already occupying space or any party who has accepted an offer to lease space prior to such occupier or party being notified by the Tenant to the Landlord as being a Prohibited Party in accordance with **Appendix 3**.

9.r B.3 The Landlord hereby undertakes that it shall take such appropriate steps against any occupier of the Other Premises to restrain such occupier from engaging in any activity that is pollutive or hazardous, or emits noise, vibration or smell, in each case, excessively.

9.s Termination

- (i) Notwithstanding the other provisions of this Letter, if the Landlord intends to redevelop, retrofit, or upgrade the Building, the Landlord shall be entitled to determine this Lease by giving to the Tenant not less than twenty-four (24) months' notice in writing to the Tenant to that effect, and upon the expiry of such notice, the Term shall absolutely cease and determine and the Tenant shall (if still in occupation) vacate the Premises without compensation from or any claim whatsoever against the Landlord but such termination shall be without prejudice to any right of action of either Party against the other in respect of any antecedent breach of the Lease. Provided always that during the Term such notice shall not be served before the expiry of five (5) years of the Term.
- (ii) Notwithstanding the other provisions of this Lease, if any notice, order or gazette notification of intended acquisition or of acquisition is issued, made or served by the Government or any competent authority acquiring or intending to acquire the Property, or such part thereof:

- (1) such that the Property is rendered substantially unfit for the Tenant's use or occupation, or
- (2) such that access to the Property is adversely affected,

the Landlord shall be entitled to determine the Term herein by giving a notice in writing to the Tenant to that effect and on the date of termination of this Lease as specified in the said notice, the Term shall absolutely cease and determine provided always that such date shall not be earlier than the earliest of:

- a. the date the Landlord is required to deliver possession of the Property to the acquiring authority or JTC;
- b. the date of termination of the Head Lease; or
- c. such other relevant date as may be imposed by the acquiring authority or JTC;

and provided further that the Tenant shall vacate the Premises earlier, if required, to facilitate compliance with the terms of the relevant notice issued pursuant to the provisions of the Land Acquisition Act 1966 for the taking of possession by the competent authority but no reinstatement works are required to be carried out by the Tenant unless such reinstatement of the Premises is required to enable the Landlord to comply with its obligations or any requirements of the competent authority prior to the taking of possession of the Premises by the competent authority.

9.t A Termination of Head lease

If the Head Lease is terminated for any reason whatsoever, then upon such termination and without prejudice to the other terms of this Lease, the Term shall absolutely cease and terminate without prejudice to any rights and remedies of either party for any antecedent breach of the terms of this Lease by the other party, and where termination of the Head Lease does not arise from or in connection with any wilful default or gross negligence of the Landlord, the Landlord shall not be liable for any inconvenience, loss, damage, compensation, costs or expenses whatsoever due to the termination of the Head Lease and the subsequent termination of this Lease.

9.u Landlord's Right to Assign

- (i) Subject to Clause 9.18B and subject further to the Tenant's rights under Clause 9.15, in the event of a sale, transfer or disposal of the Property, the Landlord shall be entitled to assign all its rights, interest and title under this Agreement.
- (ii) The Tenant hereby expressly acknowledges and undertakes to the Landlord that where the Landlord, in the event of a sale, transfer or disposal of the Property, assigns its rights and interest in under or arising out of this Lease (including the transfer of the Deposit), then subject to the transferee having undertaken in writing to the Tenant to be bound by all the terms, covenants, stipulations and conditions of this Agreement on the part of the Landlord to be observed, performed and complied with (excluding Clause 9.15 and including but not limited to, the obligation to refund the Deposit and any other sums under this Agreement to the Tenant in accordance with the provisions of this Agreement), and subject further to Clause 9.18B and the Tenant's rights under Clause 9.15, the Tenant shall be deemed to have consented to such assignment and shall accept any transferee of the Landlord as its new landlord and shall release the Landlord from all its obligations under the provisions of this Lease and in particular the obligation of the Landlord to refund the Deposit and any other sums pursuant to this Lease. Where required by the Landlord, the Tenant shall enter into and execute any novation agreement entered into or to be entered into by the Landlord and its transferee, such agreement to contain the usual terms found in novation agreements and to be prepared by and at the expense of the Landlord.

9.v Taxes

- (i) The rent and other sums payable by the Tenant under this Agreement (hereinafter collectively called "the Agreed Sum") shall, as between the Landlord and the Tenant, be exclusive of any applicable goods and services tax, imposition, duty and levy whatsoever (hereinafter collectively called "Taxes") which may from time to time be imposed or charged before, on or after the commencement of the Term (including any subsequent revisions thereto) by any government, quasi-government, statutory or tax authority on or calculated by reference to the amount of the Agreed Sum (or any part thereof) and the Tenant shall pay all such Taxes reimburse the Landlord for the payment of such Taxes, as the case may be, in such manner and within such period as to comply or enable the Landlord to comply with any applicable orders or directives of such authorities and the relevant laws and regulations.
- (ii) The rights of the Landlord under this Clause shall be in addition and without prejudice to any other rights or powers of the Landlord under any applicable order or directive of the Authorities or any relevant law or regulation, to recover from the Tenant the amount of such Taxes which may be or is to be paid or borne by the Landlord.
- (iii) The Tenant shall indemnify and hold harmless the Landlord from any losses, damages, claims, demands, proceedings, actions, costs, expenses, interests and penalties suffered or incurred by the landlord arising from any claim, demand, proceeding or action that may be made or instituted by the Authorities in respect of such Taxes and resulting from any failure or delay on the part of the Tenant in the payment and discharge of any such Taxes.
- (iv) Without prejudice to Clause 9.21(a), the Tenant shall not be liable for any income tax that may be levied or imposed on the income of the Landlord

9.w No warranty.

The Tenant shall accept the Premises "as is where is" on the date on which the Premises are made available to it. Save and except that the Premises are as at the date of this Agreement approved by JTC for the Permitted Use as set out in the JTC Letter of Offer, the Landlord does not expressly or impliedly warrant that the Premises are now or will remain suitable or adequate for all or any of the purposes of the Tenant and warranties (if any) as to the suitability or adequacy of the Premises implied by law are hereby expressly negated.

9.x Payments

Any and all payments made or sent to the Landlord may be applied and/or appropriated by the Landlord in any order or manner as the Landlord shall in its absolute discretion deem fit notwithstanding any specific appropriation instructions or conditions imposed by the Tenant or any other person making payment on behalf of the Tenant. The Landlord shall not be bound by any appropriation instructions or conditions imposed by the Tenant by virtue of the Landlord's acceptance of any payment tendered by or on behalf of the Tenant.

9.y Severability

If anyone or more of the provisions contained in this Lease shall be deemed invalid, unlawful or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

9.z Waiver

- (i) No waiver whether express implied or due to an oversight by the Landlord of a breach default or non-observance or non-performance of provisions in this Lease contained or implied shall operate as a waiver of any continuing or subsequent breach of the same or of any other covenant obligation or provision in this Lease contained or implied nor shall it operate in any manner so as to defeat or affect in any way the rights of the Landlord in respect of any such continuing or subsequent breach default or non-observance or non-performance.
- (ii) Any time or other indulgence granted by the Landlord's rights under this Lease shall be without prejudice to and shall not be taken as a waiver of any of the Landlord's rights under this Lease nor shall it prejudice or in any way limit or affect any statutory rights powers and remedies from time to time vested in or exercisable by the Landlord.
- (iii) Any consent given by the Landlord shall operate as a consent only for the particular matter to which it relates and shall in no way operate as a waiver or release of any of the provisions hereof, nor shall it be construed as dispensing with the necessity of obtaining the specific written consent of the Landlord in future, unless expressly so extended.

9.aa Consents and Approvals

In any case where the Landlord's consent or approval is required, such consent or approval shall be obtained before the act or event to which it applies is carried out or occurs and shall be effective only when the consent or approval is given in writing. Such consent or approval may be withheld or given at the Landlord's absolute discretion or given subject to such terms and conditions as the Landlord deems fit.

9.ab Notices

Any notice under this Lease shall be in writing. Any notice to be given hereunder shall be served on the Landlord by delivering the same personally or by sending it through prepaid registered post addressed to the Landlord at its registered office aforesaid or at such other address as the Landlord may from time to time notify the Tenant in writing and any notice to be served on the Tenant shall be sufficiently served if served personally or if forwarded by prepaid registered post to the Premises or at such other address as the Tenant may from time to time notify the Landlord in writing and any notice sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent.

9.ac Governing law

The validity, construction, interpretation and enforcement of this Lease and any document or agreement contemplated herein and all rights, remedies, powers, obligations and liabilities hereunder shall be governed by the laws of the Republic of Singapore and the parties hereto agree to submit to the nonexclusive jurisdiction of the courts of Singapore.

9.ad Entire agreement

The Agreement to Develop and Lease sets forth the entire and only agreement and understanding between the parties hereto and this Agreement and no purported variation or amendment shall be effective unless made in writing with the mutual express consent of the parties hereto. The parties hereto declare that no further or other covenants agreements provisions or terms whether in respect of the Premises or the Building or the other tenants thereof or otherwise shall be deemed to be implied herein or to arise between the Parties by way of collateral or other agreement by reason of any promise representation warranty or undertaking given or made by either party hereto and the existence of any such implication or collateral to the other on or prior to the execution hereof or other agreement is hereby made invalid.

9.ae Lease Agreement to Prevail

All provisions of the Agreement to Develop and Lease shall continue to bind the Parties as though they are expressly incorporated into this Agreement so long as they are still relevant and to be observed and performed and are not repeated or inconsistent with the provisions of this Agreement. If there shall be any inconsistency between the provisions of this Agreement and the provisions of the Agreement to Develop and Lease, then the provisions of this Agreement shall prevail.

9.af Confidentiality of Information

Both Parties agree to hold all the terms and conditions of this Agreement in strict confidence and not to disclose the same to any party except to each Party's respective shareholders, officers and employees who are directly involved in this Agreement. Notwithstanding the aforesaid, the confidentiality obligations shall not apply to:

- (i) any information which is already generally known to the public and which is not released to the public domain in breach of either Party's confidentiality obligations hereunder;
- (ii) any information which is required to be disclosed pursuant to any applicable laws or to any Authorities or pursuant to rules or regulations of any relevant regulatory, administrative or supervisory body (including without limitation, any relevant stock exchange or securities council) including in the event of a public listing of securities within the meaning of the Securities and Futures Act 2001 affecting the Premises, any information where such disclosure is required by the prevailing listing rules, a regulatory authority or stock exchange or as part of a due diligence exercise;
- (iii) any information which is required to be disclosed by law or pursuant to any legal process issued by any court of law or tribunal in Singapore and any disclosure to a court of law, arbitrator, tribunal or mediator in connection with any legal proceedings, arbitration or mediation shall be deemed to be disclosure required by law;
- (iv) any information disclosed by either of the Parties to their respective bankers, financial advisors, auditors, consultants, Main Contractor, licensed valuers and legal or other advisors;
- (v) any information which is required to be disclosed to the holding company of either Party and either Party's branches or offices or related corporations (as defined in the Companies Act 1967;

- (vi) (in respect of either Party's confidentiality obligation) any information which is required to be disclosed to any actual or potential purchaser or transferee of the Building or any part thereof, any actual or potential assignee of either Party, any actual or potential investor, mortgagee, chargee, financial adviser, consultant, valuer, manager, trustee, legal or other advisers in either Party or the Building or any part thereof (collectively, "**Interested Parties**"), or to any actual or potential banker, mortgagee, chargee, financial advisor, consultant, valuer, manager, trustee, legal or other advisers of any of the Interested Parties, and in connection with such disclosure, either Party is entitled to include any such information in any document which is publicly available;
- (vii) any information which either Party has consented in writing to its disclosure by the other Party; and
- (viii) any information disclosed to potential tenants in the Building, for the purposes of evidencing the Landlord's obligations under this Agreement when marketing the premises in the Building.

9.ag Contracts (Rights of Third Parties) Act

A person who is not a party to this Agreement shall have no rights under the Contracts (Rights of Third Parties) Act 2001 to enforce any of their terms.

9.ah Costs and Expenses

- (i) The Parties shall bear their respective legal costs, fees and disbursements incurred by in connection with the negotiation, preparation and completion of this Agreement (in duplicate) and any other document relating to this Agreement.
- (ii) The Landlord shall pay or indemnify the Tenant (on a full indemnity basis) against all legal costs and fees incurred by the Tenant in consulting solicitors in connection with the enforcement of any material provision of this Agreement in the event that the Landlord acknowledges or does not dispute that it is in breach of any material provision of this Agreement or is adjudged by a court, tribunal or arbitrator to be in breach of any material provision of this Agreement.

9.ai Acknowledgement by Parties

Capacity

Notwithstanding any provision to the contrary in this Agreement, each of the parties to this Agreement acknowledges and agrees that the Landlord has entered into this Agreement only in its capacity as trustee of Mapletree Industrial Trust and not in the Landlord's personal capacity and all references to the Landlord in this Agreement shall be construed accordingly. Accordingly, notwithstanding any provision in this Agreement, the Landlord has assumed all obligations under this Agreement in its capacity as trustee of Mapletree Industrial Trust and not in its personal capacity and any liability of or indemnity given by the Landlord under this Agreement any power or right conferred on any receiver, attorney, agent and/or delegate is limited to the assets of Mapletree Industrial Trust over which the Landlord has recourse and shall not extend to any personal or other assets of the Landlord or any assets held by the Landlord as trustee of any trust (other than Mapletree Industrial Trust). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Landlord under this Agreement shall only be in connection with matters relating to Mapletree Industrial Trust (and shall not extend to the Landlord's obligations in respect of any other trust or real estate investment trust of which it is a trustee).

No recourse

It is hereby agreed that the Landlord's obligations under this Agreement will be solely the corporate obligations of the Landlord and there shall be no recourse against the shareholders, directors, officers or employees of the Landlord for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of this Agreement.

Legal action or proceedings

For the avoidance of doubt, any legal action or proceedings commenced against the Landlord whether in Singapore or elsewhere pursuant to this Agreement shall be brought against the Landlord in its capacity as trustee of Mapletree Industrial Trust and not in its personal capacity.

THE FIRST SCHEDULE ABOVE REFERRED TO

All that/those unit(s) containing an aggregate floor area of **251,974.48** square feet / **23,409** square meters as which said unit(s) is/are known as 23A Serangoon North Avenue 5 #01-01, #01-02, #03-01, #04-08/09/10/11/12, corridor area #04-10/11(C) and #04-12/13(C), #04-13, #04-14 and #05-01 Singapore 554369, and are more particularly delineated and edged red on the plan(s) annexed hereto and marked **Appendix 7** for the purpose of identification.

Premises	Area (sqft)	Area (sqm)
#01-01	45,564.01	4,233.00
#01-02	11,054.63	1,027.00
#03-01	82,753.63	7,688.00
#04-08/09/10/11	20,483.89	1,903.00
#04-12	7,900.78	734.00
#04-13	6,802.85	632.00
#04-14	6,738.26	626.00
#05-01	69,449.33	6,452.00
Total Area	250,747.38	23,295.00
Including the following corridor area:		
#04-10/11(C)	861.12	80.00
#04-12/13(C)	365.98	34.00
Total corridor area	1,227.10	114.00
Total Area of Premises including corridor area.	251,974.48	23,409.00

THE SECOND SCHEDULE ABOVE REFERRED TO

The "rights" excepted and reserved by the Landlord and all persons authorised by the Landlord referred to in Clause 2

1. Use of Conducting Media

The right to the free and uninterrupted passage and running of water, sewerage, electricity, telephone and other services or supplies from and to other parts of the Building in and through the Conducting Media which now or may during the Term be In, on, under or over the Premises.

2. Construction of Conducting Media

The right to construct or erect in or under through or over the Premises or repair and maintain at any time during the Term any Conducting Media for the benefit of any other part of the Building.

3. Access

The right at all reasonable times and by prior appointment (save in cases of emergency) to enter and in cases of emergency to break into and enter the Premises:

- (a) To examine the same and to make such alterations, improvements or additions as the Landlord may deem necessary or desirable, and the Landlord shall be allowed to take all materials that may be required therefore into and upon the Premises without the same constituting an eviction of the Tenant in whole or in part;
- (b) To inspect, repair and/or test the mechanical, electrical, fire safety systems and other facilities serving the Building, the Building or the Premises and to conduct any exercise or acts relating to the safety, protection, preservation or improvement of the Building;
- (c) To inspect, cleanse, connect, repair, remove, replace with others, alter or execute any works whatsoever to or in connection with the Conducting Media easements or services referred to in paragraphs 1 and 2 of this Schedule;
- (d) To view the state and condition of and repair and maintain the Premises and the Building or any part thereof where such viewing or work would not otherwise be reasonably practicable;
- (e) To carry out any work or do anything whatever comprised within the Landlord's obligations in law or under this Lease;

- (f) (if there is an Air Handling Unit ("**A.H.U.**") room in the Premises) To gain access to the A.H.U. room for the purpose of servicing or carrying out any repairs or works in the

A.H.U. room but provided always that in the event the Landlord shall require access after the Operating Hours in Singapore for such purposes, the Tenant shall permit the same and the Landlord shall notify the Tenant immediately upon completion of such works but shall not be responsible for the securing or locking of the Premises upon completion of the servicing and/or repairs or works in the A.H.U. room, and without limiting the generality of Clause 9.7 of the Lease, the Landlord shall not be responsible for any damage to or loss of goods or property (whether belonging to the Tenant or to others) or loss, damage or injury to the Premises howsoever caused or any consequential loss therefrom;

- (g) To take schedules or inventories of fixtures and other items to be yielded up on the expiry of the Term;
- (h) To construct, alter, maintain, repair or fix anything or additional thing serving the Building or the adjoining premises or property of the Landlord, and running through or on the Premises;
- (i) To exercise any of the rights granted to the Landlord by this Lease; and
- (j) In connection with the development of the remainder of the Building or any adjoining or neighbouring land or premises, including the right to build on or onto or in prolongation of any boundary wall of the Premises.

4. Scaffolding

The right to erect scaffolding for the purpose of inspecting repairing or cleaning the Building or the Building notwithstanding such scaffolding may temporarily restrict the access to or use and enjoyment of the Premises Provided that the Landlord shall use its best endeavours to ensure that this does not materially affect the Tenant's ability to use or access the Premises.

5. Light, Air, Support, etc.

The rights of light, air, support, protection, shelter and all other easements and rights now or after the date of this Agreement belonging to or enjoyed by any parts of the Building or the Building.

6. Changes to Building

Full right and liberty at any time after the date of this Lease to alter, raise the height of or rebuild the Building excluding the Premises in such manner as the Landlord shall think fit notwithstanding the fact that the same may obstruct, affect or interfere with the amenity of or access to the Premises or the passage of light and air to the Premises. Provided that any works which the Landlord carries out under this Clause shall not result in a breach of the Key Parameters, or any of them.

7. Prevention of Access

- (a) Full right in the event of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in the Landlord's opinion to prevent access to the Building including closing the entrances thereto during the continuance of the same and for so long and in such manner as the Landlord deems necessary or appropriate.
- (b) The right at all times to refuse access to the Building or the Building or otherwise control such access in respect of any person whose presence in the Building or the Building may in the opinion of the Landlord be prejudicial to the safety, character, reputation and interests of the Building, its occupants or the Landlord.

8. Rights on Tenant's Default

On each and every occasion on which the Tenant omits or neglects to do or effect anything which the Tenant is obliged by this Lease to do or effect, it shall be lawful (but not obligatory upon the Landlord and without prejudice to any rights and powers arising from such default) for the Landlord to do or effect such thing by its architects, contractors, workmen, servants, employees and agents as if the Landlord or its architects, contractors, workmen, servants employees and agents may enter upon the Premises and there remain for the purpose of doing or effecting any such thing and all costs and expense of carrying out such thing or works shall be payable by the Tenant on demand.

THE THIRD SCHEDULE ABOVE REFERRED TO

S/No Item Particulars

1. Agreement to Develop and Lease **Dated 19 September 2023**

2. Tenant **Kulicke & Soffa Pte. Ltd.**

3. Rent **\$390,462.12** per month calculated at the rate of S\$1.55 per square foot per month on the NLA subject to a yearly rent escalation of two per cent (2%) per annum on the preceding year's Rent.

4. Service Charge **\$138,581.28** per month calculated at the rate of S\$0.55 per square foot per month subject to a yearly service charge escalation of two per cent (2%) per annum on the preceding year's Service Charge.

5. Deposit **\$6.33 Million** being the equivalent to the aggregate of ten (10) months' Rent and Service Charge based on the tenth (10th) year of the Term. The Deposit is subject to increase in the event of an increase in the Rent and/or the Service Charge or in the event of adjustment of the Rent and Service Charge upon determination of the floor area as set out in the First Schedule, if applicable.

6. Term **Ten (10) years** commencing from **1 December 2023** and expiring on **30 November 2033**.

7. Option Term
 - (i) In the event the Landlord's leasehold estate in the Land under the Head Lease is extended, ten (10) years; or
 - (ii) In the event the Landlord's leasehold estate in the Land under the Head Lease is not extended, such period equivalent to the remainder of the Landlord's leasehold estate in the Land, less one day or such other term as may be agreed between the Landlord and the Tenant,
 commencing on the day after expiry of the Term at a revised rent and service charge to be determined in accordance with the Sixth Schedule.

8. Rent Free Period Not applicable

9. Permitted Use (a) research, design and manufacturing of semiconductor, high precision equipment and assembly equipment only; and
(b) all other allowable uses that are approved by JTC and the other relevant Authorities and by the Landlord (such approval by the Landlord not to be unreasonably withheld).
10. Maximum Floor Loading 20 kN/m² (for 1st storey of the Building)
2.5 kN/m² (for 2nd storey carpark of the Building) 15 kN/m²(from 3rd to 5th storeys of the Building)
11. Public Liability Insurance S\$5 million
12. Lift Services **Cargo lifts**
- (a) One (1) of the two (2) cargo lifts designated for the Tenant's use and one (1) of the other two (2) cargo lifts for common use by all tenants of the Building shall operate for twenty-four (24) hours from Mondays to Sundays (gazetted public holidays included); and
- (b) The other cargo lift designated for the Tenant's use and the other common cargo lift shall operate from 6.00 a.m. to 12.00 midnight from Mondays to Sundays (gazetted public holidays included).
- Passenger lifts**
- (c) Two (2) passenger lifts located at the rear lobby shall operate for twenty-four (24) hours from Mondays to Sundays (gazetted public holidays included); and
- (d) Two (2) passenger lifts located at the front lobby shall operate from 6.00 a.m. to 12.00 midnight from Mondays to Fridays and from 6.00 a.m. to 1.00 p.m. on Saturdays (Sundays and gazetted public holidays excluded).
13. Air-Conditioning (i) The Landlord shall provide air-conditioning services to the Tenant from 8.00 a.m. to 6.00 p.m. from Mondays to Fridays and from 8.00 a.m. to 1.00 p.m. on Saturdays (Sundays and gazetted public holidays excluded) at no extra charge to the Tenant.

(ii) The Tenant shall pay the charges set out in paragraph (iii) below at the rates set out therein for such air-conditioning services provided by the Landlord to the Premises outside of the hours specified in paragraph (i) above in accordance with Clause 5.2 of this Agreement. The Landlord shall, acting reasonably, be entitled at any time and from time to time to revise the charges and rates set out in paragraph (ii) below by giving to the Tenant at least one (1) week's written notice.

(iii) The charges and rates referred to in paragraph (ii) above are as follows:

1. \$0.0012 per square foot per hour, for the provision of chilled water for the air- conditioning system; and
2. \$8.00 per hour for each A.H.U., for the operation of such A.H.U.,

subject to the air-conditioning services being provided by the Landlord for a minimum of 10 hours or such longer period as may be requested by the Tenant.

Rent Schedule

Premises and Area		
Premises	Area (Sqft)	Area (Cons.)
#01-01	45,564.01	4,233.00
#01-02	11,054.63	1,027.00
#03-01	82,753.63	7,688.00
#04-08/09/10/11	20,483.89	1,903.00
#04-12	7,900.78	734.00
#04-13	6,802.85	632.00
#04-14	6,738.26	626.00
#05-01	69,448.33	6,452.00
Including the following corridor area:		
#04-10/11(C)	861.12	80.00
#04-12/13(C)	365.98	34.00
Total	251,974.48	23,409.00

Security Deposit	
	Amount
Monthly Rent and Service Charge on 10th Year	632,277.09
Security Deposit based on 10 months Rent and Service Charge of the 10th Year	6,330,000.00

Rent and Service Charge Rate escalation:

Year 1 Rent at \$1.55 psft and Service Charge at \$0.55 psft per month on the NLA subject to a yearly rent escalation of two per cent (2%) per annum on the preceding year's Rent. Converted to psm below.

Year	1	2	3	4	5	6	7	8	9	10
Rent (psm)	16.68	17.01	17.35	17.70	18.05	18.41	18.78	19.16	19.54	19.93
Service Charge (psm)	5.92	6.04	6.16	6.28	6.41	6.54	6.67	6.80	6.94	7.08

Rent Schedule

Year	Term	Rent Rate (psm pm)	Service Charge (psm pm)	#01-01		#01-02		#03-01		#04-08/09/10/11		#04-12		#04-13		#04-14		#05-01		Total Amount	
				Rent	Service Charge	Rent	Service Charge	Rent	Service Charge	Rent	Service Charge	Rent	Service Charge	Rent	Service Charge	Rent	Service Charge	Rent	Service Charge	Rent	Se
1	1 December 2023 to 30 November 2024	16.68	5.92	70,606.44	25,059.36	17,130.36	6,079.84	128,235.840	45,512.960	31,742.04	11,265.76	12,243.12	4,345.28	10,541.76	3,741.44	10,441.68	3,705.92	107,619.36	38,195.84	389,560.60	137
2	1 December 2024 to 30 November 2025	17.01	6.04	72,003.33	25,567.32	17,469.27	6,203.08	130,772.880	46,435.520	32,370.03	11,494.12	12,485.34	4,433.36	10,750.32	3,817.28	10,648.26	3,781.04	109,749.52	38,970.08	396,247.95	146
3	1 December 2025 to 30 November 2026	17.35	6.16	73,442.55	26,075.28	17,809.45	6,326.32	133,396.900	47,358.060	33,007.05	11,722.48	12,734.90	4,521.44	10,965.20	3,893.12	10,861.10	3,856.16	111,942.20	39,744.32	404,169.25	143
4	1 December 2026 to 30 November 2027	17.70	6.28	74,924.10	26,583.24	18,177.90	6,449.56	136,077.500	48,280.640	33,653.10	11,950.84	12,991.80	4,609.52	11,186.40	3,968.96	11,080.20	3,931.28	114,200.40	40,518.56	412,321.50	146
5	1 December 2027 to 30 November 2028	18.05	6.41	76,405.65	27,133.53	18,537.35	6,583.07	138,768.400	49,200.080	34,349.15	12,198.23	13,248.70	4,704.94	11,407.60	4,051.12	11,299.30	4,012.66	116,458.60	41,357.32	420,474.75	149
6	1 December 2028 to 30 November 2029	18.41	6.54	77,929.53	27,683.82	18,907.07	6,716.58	141,536.080	50,279.520	35,034.23	12,445.62	13,512.94	4,800.36	11,635.12	4,133.28	11,524.66	4,094.04	118,781.32	42,196.08	428,660.95	152
7	1 December 2029 to 30 November 2030	18.78	6.67	79,495.74	28,234.11	19,287.06	6,850.09	144,380.640	51,278.960	35,738.34	12,693.01	13,784.52	4,895.78	11,868.96	4,215.44	11,756.28	4,176.42	121,168.56	43,034.84	437,480.10	155
8	1 December 2030 to 30 November 2031	19.16	6.80	81,104.28	28,784.40	19,677.32	6,983.60	147,302.080	52,278.400	36,461.48	12,940.40	14,063.44	4,991.20	12,109.12	4,297.60	11,994.16	4,256.80	123,620.32	43,873.60	446,332.20	158
9	1 December 2031 to 30 November 2032	19.54	6.94	82,712.82	29,377.02	20,067.58	7,127.38	150,223.520	53,254.720	37,184.62	13,206.82	14,342.36	5,093.96	12,349.28	4,386.08	12,232.04	4,344.44	126,072.08	44,776.88	455,184.30	161
10	1 December 2032 to 30 November 2033	19.93	7.08	84,363.69	29,969.64	20,468.11	7,271.16	153,221.840	54,431.040	37,926.79	13,473.24	14,628.62	5,196.72	12,595.76	4,474.56	12,476.18	4,432.08	128,588.36	45,680.16	464,269.35	164

Year	Term	Rent Rate (psm pm)	Service Charge (psm pm)	#04-10/11(C)		#04-12/13(C)		Total Amount (Monthly)		
				Rent	Service Charge	Rent	Service Charge	Rent	Service Charge	Rent and Service Charge
1	1 December 2023 to 30 November 2024	16.68	5.92	1,334.40	473.60	567.12	201.28	1,901.52	674.88	2,576.40
2	1 December 2024 to 30 November 2025	17.01	6.04	1,360.80	483.20	578.34	205.36	1,939.14	688.56	2,627.70
3	1 December 2025 to 30 November 2026	17.35	6.16	1,388.00	492.80	589.90	209.44	1,977.90	702.24	2,680.14
4	1 December 2026 to 30 November 2027	17.70	6.28	1,416.00	502.40	601.80	213.52	2,017.80	716.92	2,733.72
5	1 December 2027 to 30 November 2028	18.05	6.41	1,444.00	512.80	613.70	217.94	2,057.70	730.74	2,788.44
6	1 December 2028 to 30 November 2029	18.41	6.54	1,472.80	523.20	625.94	222.36	2,098.74	745.56	2,844.30
7	1 December 2029 to 30 November 2030	18.78	6.67	1,502.40	533.60	638.52	226.78	2,140.92	760.38	2,901.30
8	1 December 2030 to 30 November 2031	19.16	6.80	1,532.80	544.00	651.44	231.20	2,184.24	775.20	2,959.44
9	1 December 2031 to 30 November 2032	19.54	6.94	1,563.20	555.20	664.36	235.96	2,227.56	791.16	3,018.72
10	1 December 2032 to 30 November 2033	19.93	7.08	1,594.40	566.40	677.62	240.72	2,272.02	807.12	3,079.14

THE FOURTH SCHEDULE ABOVE REFERRED TO

For the purposes of this Fourth Schedule only, reference to "Premises" shall mean any additional premises (if any) which may be let to the Tenant from time to time.

1. **FITTING-OUT**

1.a Fitting-Out Period

The Landlord shall grant the Tenant a licence to the Premises for the duration of the Fitting-Out Period for the sole purpose of carrying out the Tenant's Fitting-Out Works during such times as shall be notified to the Tenant by the Landlord from time to time.

1.b Purpose

During the Fitting-Out Period, the Tenant shall not without the prior written consent of the Landlord (which consent may be granted on such terms and conditions as the Landlord deems fit in its absolute discretion) use the Premises for any purpose other than for the Tenant's Fitting-Out Works.

1.c Rent and Service Charge during Fitting-Out Period

No Rent or Service Charge shall be payable during the Fitting-Out Period provided that the Tenant complies with all the terms and conditions of this Lease. For the avoidance of doubt, in the event that the Tenant obtains the Landlord's consent pursuant to Clause 1.2 of this Schedule to commence business on the Premises during the Fitting-Out Period, the Tenant shall have to pay Rent or Service Charge during the Fitting-Out Period. In the event that the Term is prematurely terminated by the Tenant for any reason whatsoever (save for a termination pursuant to the Tenant's rights under Clause 9.16) or this Lease is determined by the Landlord in consequence of the Tenant's breach of any of the terms or conditions applicable to this Lease, then in addition and without prejudice to the other rights or remedies of the Landlord, the Tenant shall compensate and pay to the Landlord, on demand, an amount equivalent to the Rent and Service Charge that would have been payable for the entire Fitting-Out Period as if the Fitting-Out Period had constituted part of the Term.

1.d No Lease

Notwithstanding the foregoing, the Tenant's occupation of the Premises during the Fitting-Out Period does not operate as a lease and shall be by way of license only. During the Fitting-Out Period, the Tenant does not have and is not entitled to any estate, right or interest in the Premises either as completed or in the course of renovation or in any materials other than those materials deposited by the Tenant on the Premises in connection with the Tenant's Fitting-Out Works and not yet utilised in the renovation.

1.e Terms and Conditions

The Tenant shall comply fully with all provisions and stipulations set out in the Fourth Schedule.

1.f No delay in commencement of Term

No delay in carrying out or completing all or any of the Tenant's Fitting-Out Works whether caused by any governmental and/or statutory authorities or by the Tenant's consultants or contractors or otherwise howsoever shall be a ground for delaying the commencement of the Term and/or relieving the Tenant from the performance and observance of the stipulations,

covenants and conditions contained in this Lease and to be observed and performed by the Tenant.

1.g Fitting-Out Plans

The Fitting-Out Plans shall comprise all plans and designs relating to the renovation and fitting-out of the Premises including but not limited to:

- (i) particulars of the type, quality, materials and specifications of all internal partitions to be used in the Premises;
- (ii) all construction, furnishing, installation, improvements, equipment and fixtures within the Premises; and
- (iii) all works relating to the interior of the Premises such as interior design and decorations, partitioning, fittings, flooring, carpeting, carpentry, lighting and light fixtures, plumbing, ceilings and other interior finishes.

1.h Submissions

The Tenant shall at its own cost and expense submit through the Landlord's Consultants all Fitting-Out Plans and other documents (if any) which are required to be submitted to the Building and Construction Authority, Singapore and/or any other relevant authorities for their respective approvals.

1.i Landlord's expenses

All costs and expenses relating to the preparation submission and approval of the Fitting-Out Plans and all of the Tenant's Fitting-Out Works and all architects, engineers and other consultants' fees incurred in connection with the same including the Landlord's Consultants' reasonable fees shall be borne solely by the Tenant and shall be payable on demand.

2. **TENANT'S FITTING-OUT WORKS**

2.a Approvals

The Tenant's Fitting-Out Works shall be carried out by the Tenant in accordance with the Fitting-Out Plans approved by the Landlord and, where applicable, the Landlord's Consultants. The approval of the Landlord and the Landlord's Consultants shall not be unreasonably withheld. The Tenant undertakes to obtain or procure all necessary governmental and statutory consents, permissions and approvals in respect of the Tenant's Fitting-Out Works (the "Fitting-Out Consents") prior to the commencement of any such works and to comply with all statutes and with the terms, conditions and requirements of all Fitting-Out Consents in the execution of any fitting-out works.

2.b Conditions Precedent

The Tenant shall prior to the commencement of the Tenant's Fitting-Out Works:

- (i) effect and maintain, or procure the effecting and maintenance of, policies of insurance in such form as the Landlord may specify with an insurance company approved by the Landlord (which approval shall not be unreasonably withheld) to cover all risks and third party liability and/or such other risks as the Landlord may from time to time require and for such sum as may be reasonably specified by the Landlord (having regard to

industry practice and the extent and nature of the fitting out works) in respect of any one occurrence covering the period between the date of commencement of the Fitting- Out Period and the date of commencement of the Term and shall in all such policies name the Landlord and the Tenant's fitting-out contractor as the co-insured parties for their respective interests;

- (ii) establish an account with the Utilities Provider for the supply of electricity and/or water to the Premises to be separately metered for the account of the Tenant. Provided That the Landlord may in its absolute discretion permit the Tenant to utilise during the Fitting- Out Period electricity and/or water supplies from a source other than the Tenant's established account with the Utilities Provider as aforesaid, in which case the Tenant shall pay to the Landlord from time to time such additional sums as the Landlord may determine as being the estimated fees for the use of such electricity and/or water. In this regard, the Landlord's determination of the sum payable by the Tenant shall, in the absence of manifest error, be conclusive and binding on the Tenant;
- (iii) deposit with the Landlord, an amount notified by the Landlord to the Tenant computed on the basis of S\$1.50 per square foot of the premises being fitted out subject to a minimum of S\$2,000.00, as security for the due performance and observance by the Tenant of the terms and conditions hereof and or the Tenant's compliance with the following:
 1. duly carrying out and completing the Tenant's Fitting-Out Works within the Fitting-Out Period;
 2. paying on written demand the costs of rectifying all damage to the Premises, adjoining premises and/or the Building caused by the Tenant, its employees, agents, contractors, sub-contractors or invitees;
 3. keeping the Premises and the Building clean and tidy and on completion of the Tenant's Fitting-Out Works removing therefrom all waste and debris to such location outside the Building as designated by the relevant authorities;
 4. disposing of all waste and debris immediately after the Tenant's Fitting-Out Works;
 5. paying to the Landlord the fees for use of the electricity and water as provided in Clause 2.2(b) of this Schedule.

1.a Refund of Fitting-Out Deposit

The cash deposit paid by the Tenant under Clause 2.2(c) of this Schedule will be refunded to the Tenant without interest within thirty (30) days from the date of completion of the Tenant's Fitting-Out Works to the satisfaction of the Landlord and submission of the "as-built" drawings referred to in Clause 2.11 of this Schedule subject to any proper deductions which the Landlord may make. If the cash deposit shall be insufficient to meet the Landlord's costs in the event of default by the Tenant in relation to any of the abovementioned events hereof, the Tenant shall within fourteen (14) days of demand pay the Landlord the difference between such additional costs and the cash deposit paid by the Tenant.

1.b Design and Supervision of Mechanical and Electrical Works

The Tenant shall appoint the Landlord's mechanical and electrical consultants and engineers for the design and supervision of all mechanical and electrical works being part of the Tenant's Fitting-Out Works in respect of the Premises Provided Always that such consultants and

engineers shall not in any way be deemed to be the agent or employee of the Landlord and the Landlord shall not in any way be liable nor responsible for any act, omission, default, misconduct or negligence of such consultants or engineers.

1.c Sanitary and Plumbing Works, etc.

The Tenant's Fitting-Out Works relating to sanitary and plumbing works, electrical works, air- conditioning and mechanical ventilation works and fire protection works shall only be carried out by the Landlord's contractor under the supervision of the Landlord's Consultants but none of the Landlord's Consultants (or anyone or more of them) shall be deemed to be the agent or employee of the Landlord. Provided Always that with the written approval of the Landlord, the Tenant can engage their contractor to carry out works other than the aforesaid works to be carried out solely by the Landlord's contractor which said other works shall also be subject to the supervision of the Landlord's Consultants.

1.d Costs

All costs incurred or to be incurred in respect of Clause 2 of this Schedule including but not limited to the costs chargeable by the Landlord's Consultants shall be borne solely by the Tenant. The Landlord shall furnish to the Tenant, an estimate of such costs, prior to appointment of the respective consultants Provided Always that such estimate of costs is subject to further changes and negotiations and is non-binding on the Landlord and/or the Landlord's Consultants.

1.e Landlord's Access

For the avoidance of doubt, it is hereby declared that the Landlord, its servants and agents may at all times during the Fitting-Out Period enter the Premises with prior notice for any of the following purposes:

- (i) to ensure that works are carried out by the Tenant in accordance with the approved Fitting-Out Plans; and
- (ii) for any other purpose which the Landlord shall deem fit.

1.f Non-compliance with plans

The Tenant shall, immediately upon receiving written notice from the Landlord that any of the Tenant's Fitting-Out Works are not in accordance with the fitting-out plans approved by the Landlord, take all necessary steps to forthwith rectify the same at the Tenant's costs and expense.

1.g Co-ordination

The Tenant, its contractors, agents and/or servants in carrying out the Tenant's Fitting-Out Works shall co-ordinate their activities with and comply with the instructions of the Landlord and/or the Landlord's Consultants, contractors, agents, employees and/or servants and shall be bound by the terms set by the Landlord and in particular shall observe the time schedule agreed to between the Landlord and the Tenant for the carrying out and completion of the Tenant's Fitting-Out Works. In relation to the various matters under this Clause, the Landlord shall act reasonably.

1.h **No hacking**

The Tenant shall not, whether in the course of the Tenant's Fitting-Out Works or as an ancillary thereto or at any time for any purpose whatsoever, execute or permit to be executed any works involving the hacking of the structural columns, beams, and/or floors of the Premises or the Building.

1.i **"As-built" drawings**

The Tenant shall, upon completion of the Tenant's Fitting-Out Works, submit to the Landlord "as- built" drawings and plans of the works carried out.

3. **USE AT TENANT'S RISK**

The Tenant shall use the Premises and occupy the Premises during the Fitting-Out Period at the Tenant's sole risk and responsibility and shall indemnify and keep indemnified the Landlord fully from and against:

- (1) failure to obtain any of the Fitting-Out Consents;
- (2) breach, non-observance or non-performance of any terms, conditions or requirements of statute or the Fitting-Out Consents;
- (3) all claims demands actions suits proceedings orders damages costs losses and expenses of any nature whatsoever which the Landlord may suffer or incur in connection with loss of life personal injury and/or damage to property arising from or out of any occurrences in upon or at the Premises or the use of the Premises or any part thereof caused by the Tenant or by any of the Tenant's Occupiers; and
- (4) all loss and damage to the Premises and the Building or any part thereof and to all property therein caused directly or indirectly by the Tenant or the Tenant's Occupiers.

THE FIFTH SCHEDULE ABOVE REFERRED TO

The Landlord shall bear the cost and expenses relating to:

- (1) Subject to Clauses 5.11 and 5.42 above, preventive maintenance for Landlord's building facilities covering the electrical system (including annual testing and renewal of electrical licence), ACMV system, fire protection system (excluding Tenant's server room/data room, if any), plumbing & sanitary system, life system (including testing for renewal of lift certificate), dock leveler and automatic car-park barriers;
- (2) Landscaping works and pest control works for the external part of the Property only;
- (3) Facade painting, cleaning of curtain walling/cladding and 5-yearly structural inspection;
- (4) Replacement of building structure, building services and systems provided that the need to carry out such replacement is not caused by the act, omission or negligence of the Tenant, its servants, agents, contractors, invitees or permitted occupiers;
- (5) Re-roofing and replacement of waterproofing;
- (6) Re-surfacing of carpark;
- (7) Provision of office-hour air-conditioning (i.e. 8.00 a.m. to 6.00 p.m., from Mondays to Fridays and from 8.00 a.m. to 1.00 p.m. on Saturdays (Sundays and gazetted public holidays excluded));
- (8) Provision of 24-hour 7-day security guards (2 guards during day shift and 1 guard during night shift);
- (9) Daily cleaning of external common areas;
- (10) Daily refuse disposal; and
- (11) Daily cleaning of internal common areas and toilets.

THE SIXTH SCHEDULE ABOVE REFERRED TO

RENT REVIEW

1. **Revision**

- (a) The rent applicable as at the commencement of the Option Term shall be revised and determined in accordance with the provisions of this Sixth Schedule.
- (b) In respect of the Option Term:
 - (i) the monthly rent (excluding service charge) payable for each month comprised in the first year of the Option Term shall be the Prevailing Market Rent as at the commencement of the Option Term but in any case shall not be below the rent payable for the year immediately preceding; and
 - (ii) subsequent thereto, the rent (excluding service charge) for each subsequent year comprised in the remaining period of the Option Term shall be revised to a rent to be agreed between the Parties at the time of renewal of the Option Term, which rent shall be subject to a yearly escalation not exceeding five per cent (5%) over the rent (excluding service charge) applicable to the year immediately preceding each such year but in any case shall not be below the rent payable for the year immediately preceding each such year.
- (c) The Service Charge applicable for each month comprised in the Option Term shall be determined by the Landlord from time to time, acting reasonably and having regard to the rates of service charge applicable to comparable properties (if any).

2. **Agreement on Prevailing Market Rate**

The Landlord and the Tenant shall endeavour to agree on the Prevailing Market Rent no later than the date ("**Parties' Rent Review Date**") falling six (6) months before the commencement of the Option Term.

3. **Determination by Third Parties**

If the Landlord and the Tenant fail to agree on the Prevailing Market Rent by the date stipulated in Paragraph 2 of this Schedule, the following provisions shall apply:

- (a) within fourteen (14) days after the date stipulated in Paragraph 2 of this Schedule, each of the Landlord and the Tenant shall at its own cost appoint any one of the following valuers:
 - (i) Colliers International;
 - (ii) Jones Lang LaSalle Property Consultants Pte Ltd;
 - (iii) CB Richard Ellis (Pte) Ltd;
 - (iv) Edmund Tie & Company (SEA) Pte. Ltd; and
 - (v) Knight Frank Pte Ltd,

to determine the Prevailing Market Rent and shall instruct the valuer so appointed by it (the "**Appointed Valuer**") to report in writing to both the parties hereto, no later than thirty (30) days (the "**Appointed Valuer's Rent Review Date**") after the Appointed Valuer's appointment, the Appointed Valuer's valuation of the Prevailing Market Rent. The valuer so appointed shall act as an expert and not an arbitrator;

- (b) if the variance between the two valuations obtained pursuant to the valuation carried out under Paragraph 3(a) does not exceed five per cent (5%) of the higher valuation obtained, the average of the two Appointed Valuers' valuations made in accordance with paragraph 3(a) of this Schedule shall be the Prevailing Market Rent and be binding and conclusive on both the Landlord and the Tenant but if only one Appointed Valuer has been appointed or has reported in accordance with the said paragraph 3(a), the valuation of the Appointed Valuer so appointed and reporting shall be the Prevailing Market Rent and shall be conclusive and binding on the Landlord and the Tenant; and
- (c) if the variance between the two valuations obtained pursuant to the valuation carried out under Paragraph 3(a) of this Schedule exceeds five per cent (5%) of the higher valuation obtained, the Landlord and the Tenant shall within seven (7) days from the date of the later valuation report jointly appoint a third approved valuer (the "**Approved Valuer**") from the aforesaid list of Appointed Valuer or in the event that the Landlord and the Tenant cannot agree on the appointment of the Approved Valuer, such Approved Valuer as appointed by the President of the Institution of Surveyors and Valuers to whom the Parties shall refer, to report in writing to both parties hereto, the Approved Valuer's valuation of the Prevailing Market Rent within twenty-one (21) days of his appointment (the "**Approved Valuer's Rent Review Date**"). Such Approved Valuer shall act as an expert and not an arbitrator and the Prevailing Market Rent shall in such case be derived by taking the average of the two valuations which are closest in value from the three valuation reports obtained pursuant to Paragraphs 3(b) and (c) herein, and such Prevailing Market Rent shall be binding on the Landlord and Tenant. The costs and expenses of the Approved Valuer shall be borne by the parties in equal shares.
- (d) For the avoidance of doubt, if the Prevailing Market Rent is not determined by the commencement date of the Option Term the Tenant shall continue to pay the Rent then applicable to the Landlord until the Prevailing Market Rent has been determined. Upon determination of the Prevailing Market Rent, the rent, service charge and security deposit amount will be adjusted accordingly with effect from the Relevant Rent Review Date. If there is any underpayment, the shortfall must be paid by the Tenant to the Landlord, free of interest, within fourteen (14) days from the date of determination of the Prevailing Market Rent. If there is any overpayment, the excess will be paid by the Landlord to the Tenant, free of interest, within fourteen (14) days of the date of determination of the Prevailing Market Rent or (at the Landlord's discretion) be applied by the Landlord towards the rent and service charge payable by the Tenant on the next Payment Date.

4. Definitions

For the purpose of this Paragraph 4:

"Prevailing Market Rent" means the monthly unit rent (expressed in per square foot or per square metre) at which the Premises might reasonably be expected to be let in the open market on the Parties' Rent Review Date, the Appointed Valuer's Rent Review Date or the Approved Valuer's Rent Review Date, as the case may be.

ASSUMING

- (a) the letting is substantially on the same terms and conditions as those applicable to the Option Term;
- (b) the Premises are available to let as a whole, with vacant possession, by a willing landlord to a willing tenant, without premium;

- (c) the Premises are ready, fit and available for immediate occupation and use and all fitting out and other tenant's works required by the tenant have been completed immediately prior to the commencement of the Option Term;
- (d) the Landlord and the Tenant have complied with their respective obligations under this Agreement, the agreement relating to the Option Term, but without prejudice to any rights of the parties;
- (e) if the whole or any part of the Premises or the means of access or any services to them have been destroyed or damaged, they have been fully reinstated;
- (f) the rates of rent payable for single lettings of comparable premises in the vicinity of the Property;
- (g) the effective rent on a new single letting of space of similar size and condition to the Property with vacant possession; and
- (h) the Property being available only for the use as that set forth in this Agreement as may be supplemented, varied or amended from time to time.

BUT TAKING NO ACCOUNT OF

- (1) any goodwill attributable to the Premises by reason of any business of Kulicke & Soffa Pte. Ltd. carried on there;
- (2) any effect on rent of the fact that any tenant and any permitted occupier is or has been in occupation of the Premises;
- (3) the value of the fixtures and fittings of the Tenant and any permitted occupier; and
- (4) any sublease or other sub-tenancy agreement, licence or occupational arrangement in respect of any part of the Property and any rental fees or money payable under any of them.

APPENDIX 1

FORM OF BANK GUARANTEE (AUTO-RENEWAL) (FOR THE SECURITY DEPOSIT AMOUNT)

Date : []

To : DBS TRUSTEE LIMITED AS TRUSTEE OF MAPLETREE INDUSTRIAL TRUST
12 Marina Boulevard
Marina Bay Financial Centre Singapore 018982 ("Landlord")

Dear Sirs

OUR BANK GUARANTEE NO: FOR S\$6.33 MILLION

1. IN CONSIDERATION OF the Landlord agreeing to:

- (a) lease to **KULICKE & SOFFA PTE. LTD.** ("**Tenant**") the property known as 23A Serangoon North Avenue 5 #01-01, #01-02, #03-01, #04-08/09/10/11, #04-12, #04-13, #04-14 and #05-01 Singapore 554369 together with the corridor area known as #04-10/11(C) and #04-12/13(C), ("**Property**"), on the terms and conditions of a lease agreement ("**Agreement**") dated [●] entered into between the Landlord and the Tenant; and
- (b) allow the Tenant to furnish a bank guarantee for the whole of the Deposit amount (as defined in the Agreement) required under the Agreement,

We Citibank N.A., solely Singapore Branch, a banking association organised under the laws of the United States of America and having its registered office in Singapore at 5 Changi Business Park Crescent, Level 5, Singapore 486027 ("**Guarantor**"), irrevocably and unconditionally, agree, as a primary obligation ("**guaranteed obligation**"), to pay to the Landlord on demand in writing by the Landlord, any sum or sums demanded not exceeding in aggregate the sum of **S\$6.33 million** ("**Guaranteed Sum**").

2. Payment of the Guaranteed Sum shall be made by the Guarantor to the Landlord:

- (a) whether or not the Guarantor gives prior notice of the payment to the Tenant;
- (b) despite any dispute between the Landlord and the Tenant or any notice given to the Guarantor by the Tenant not to pay to the Landlord any sums payable under this Guarantee; and
- (c) irrespective of the performance or non-performance by the Tenant or the Landlord of the terms of the Agreement or any obligation under or in connection with the Agreement in any respect.

3. The Guarantor's liability under this Guarantee is not affected or discharged in any way by:

- (a) any variation of the Agreement; or
- (b) any extension of time or other forbearance given by the Landlord to the Tenant; or

- (c) the insolvency, bankruptcy, winding up or judicial management (as may be the case) of the Tenant; or
 - (d) any other circumstance, act or omission which (except for this provision) may operate to exonerate the Guarantor from that liability or affect that liability at law or in equity.
4. It is expressly acknowledged and declared that partial and multiple drawings on this Guarantee are permitted, and the Landlord may make any number of claims under this Guarantee provided always that our maximum aggregate liability under this Guarantee shall not exceed the Guaranteed Sum.
 5. This Guarantee shall remain in full force and effect from **1 December 2023** until **30 November 2024** provided always that the expiry date of this Guarantee and our liability thereunder shall be automatically extended for successive periods of 12 months unless we give you 90 days' written notice prior to the expiry of our liability of our intention not to extend this Guarantee in respect of any future extension and provide further that you shall be entitled, upon receiving such notice of our intention (and within the period specified in Clause 7 hereof), make a claim under this Guarantee. In no event shall this guarantee be automatically extended beyond the final expiration date of 30 November 2033.
 6. This Guarantee is governed by and will be construed in accordance with the laws of the Republic of Singapore.
 7. Any claim under this Guarantee must be made in writing not later than three (3) months after the expiry of this Guarantee and must be delivered personally or sent by prepaid registered post addressed to the Guarantor. Thereafter, this Guarantee will automatically be cancelled and shall be considered null and void irrespective of whether or not the guarantee is returned to the Guarantor for cancellation and no demand thereafter will be accepted or entertained. All claims, if any must be submitted to and received by us at Citibank, NA, Singapore Branch, 8 Marina View, Hex16-01, Asia Square Tower 1, Singapore 018960 (Attn: TXC - Guarantee Department) or such other address as we may notify you in writing from time to time.
 8. This Guarantee shall enure to the benefit of the Landlord and its successors and permitted assigns. The Landlord may assign its rights and benefits hereunder to any person to whom or which it may assign its rights and benefits under the said Agreement.
 9. A person who is not the Guarantor, a successor of the Guarantor, the Landlord or a successor or assign of the Landlord, has no right under the Contracts (Rights of Third Parties) Act 2001 to enforce any term of this Guarantee.

Yours faithfully
for (Bank issuing the Bank Guarantee)

APPENDIX 2

KEY PARAMETERS

1. The Certified Net Lettable Floor Area shall not be less than 95% of the Contracted NLA.
2. Net Lettable Floor Area shall not be less than 81,267 sq feet (7,550 sq metres) at 3rd storey.

APPENDIX 3

PROHIBITED PARTIES

1. For the purposes of this Agreement, Prohibited Parties refer to:

- (a) the parties listed in Part A;
- (b) the parties carrying out (i) manufacturing, (ii) manufacturing and sale, or (iii) manufacturing, , sale and maintenance, of such equipment described in Part B below; and
- (c) the parties carrying out (i) manufacturing, (ii) manufacturing and sale, or (iii) manufacturing, sale and maintenance, of such equipment described in Part C below, provided that the Tenant commences carrying out any of the following (viz: (i) manufacturing, (ii) manufacturing and sale, or (iii) manufacturing, sale and maintenance, of such equipment described in Part C) and has migrated the description of the equipment found under Part C to Part B pursuant to paragraph 2 (b) below (**each, entity under the foregoing paragraphs 1(b) and (c), a "Part B Entity"**)

Provided Always that:

- (1) the Landlord's obligations under Clause 9.18B1 with respect to any Part B Entity taking a lease or licence of or other occupation rights (as the case may be) in respect of any part of the Building or any part of the Land shall be considered satisfied if
 - a. the Landlord includes a covenant in all the leases, licences or other document(s) (as the case may be) relating to such occupation rights in respect of any part of the Building or any part of the Land, that prohibit the tenant, licensee or occupant thereunder (as the case may be) from engaging in or undertaking the (I) manufacture, (II) manufacture and sale, or (III) manufacture, sale and maintenance, of the equipment listed in Part B. For the avoidance of doubt, where this covenant is included in the relevant lease, licence or other document(s) (as the case may be) relating to such occupation rights, the Landlord is not required to audit or conduct further due diligence into the relevant occupant's activities; and
 - b. In the event the Tenant notifies the Landlord that any of the tenant, licensee or occupant referred to in the foregoing paragraph (a)(i) of this proviso is in breach of the covenant, the Landlord must investigate and enforce the covenant against the relevant tenant, licensee or occupant, if applicable..
- (2) for the avoidance of doubt, (i) entities using but not manufacturing such equipment described in Part B and Part C for its business and carrying out the maintenance of such equipment either on its own or through a third party; (ii) entities that manufacture and supply parts for the manufacture of the equipment, and (iii) entities which either maintain or sell such equipment only, do not qualify as a Part B Entity.

subject to the rights of the Tenant to review and refresh the list in

- (1) Part A; and
- (2) the descriptions in Part B by a migration of the description previously found under Part C, to Part B consequent upon the Tenant carrying out (i) manufacturing, (ii) manufacturing and sale, or (iii) manufacturing, sale and maintenance, of such equipment described in Part C,

from time to time in accordance with the provisions of this Appendix 3.

2. The Tenant is entitled to review and refresh by notice in writing (each, a "Refresher Notice") to the Landlord :

(a) the list of entities in Part A, so long as:

(i) the total number of entities in the list in Part A does not exceed fifty; and

(ii) any new entity introduced as part of the refresher exercise is in competition with the Tenant's then current activities and operations, or is a related company (as defined under Section 6 of the Companies Act 1967) of such entity listed in Part A; and

(b) the description of the equipment in Part B, by a migration of the description of the equipment previously found under Part C, to Part B consequent upon the Tenant carrying out (i) manufacturing, (ii) manufacturing and sale, or (iii) manufacturing, sale and maintenance, of such equipment described in Part C.

The refresher may be on an annual or a more frequent basis, as may be determined by the Tenant acting in good faith. Every notification issued by the Tenant for the purpose of refreshing the contents of Part A and/or Part B shall take effect thirty (30) Business Days from the date of service of the notice on the Landlord.

3. In the event of a dispute as to whether an entity qualifies as a Prohibited Party under Clause 9.18B and Appendix 3 (the "Disputed Prohibited Party"), the Landlord's undertaking under Clause 9.18B.1 shall apply to such Disputed Prohibited Party as if it were a Prohibited Party under this Agreement, until such a dispute has been resolved between the Parties.

Part A	S/No	Name as in ACRA
ASM	1	ASM ASSEMBLY SYSTEMS PTE. LTD.
	2	ASM ASSEMBLY SYSTEMS SINGAPORE PTE. LTD.
	3	ASM TECHNOLOGY R&D CENTER SINGAPORE PTE. LTD.
	4	ASM TECHNOLOGY SINGAPORE PTE LTD
	5	ASM WAFER PROCESS EQUIPMENT SINGAPORE PTE LTD
	6	ASM FRONT-END MANUFACTURING SINGAPORE PTE. LTD.
BE SEMICONDUCTOR INDUSTRIES N.V.	7	BESI SINGAPORE PTE. LTD.
	8	FICO SALES & SERVICE PTE. LTD.
	9	MECO EQUIPMENT ENGINEERS (FAR EAST) PTE. LTD.
	10	ESEC (SINGAPORE) PTE. LTD.
DISCO CORPORATION	11	DISCO HI-TECH (SINGAPORE) PTE. LTD.
EVG	12	LINKFAB TECHNOLOGIES PTE. LTD.
F&K DELVOTEC	13	F&K DELVOTEC BONDTECHNIK GMBH & CO.KG
HITACHI HIGH- TECHNOLOGIES CORP	14	HITACHI HIGH-TECHNOLOGIES (SINGAPORE) PTE. LTD.
PALOMA TECHNOLOGIES	15	PALOMAR TECHNOLOGIES (SE ASIA) PTE. LTD.

PANASONIC FACTORY SOLUTIONS CO. LTD.	16	PANASONIC FACTORY SOLUTIONS ASIA PACIFIC
	17	PANASONIC FACTORY SOLUTIONS ASIA PACIFIC PTE. LTD.
SHINKAWA LTD.	18	SHINKAWA SINGAPORE PTE. LTD.
SMALL PRECISION TOOLS	19	SPT ASIA PTE LTD
SUSS MICROTEC	20	SUSS MICROTEC (SINGAPORE) PTE. LTD.
	21	ZMC TECHNOLOGIES (SINGAPORE) PTE. LTD.
	22	ZMC TECHNOLOGIES PTE. LTD.
TORAY ENGINEERING CO. LTD.	23	TORAY ASIA PTE. LTD.
	24	TORAY INTERNATIONAL SINGAPORE PTE. LTD.
WEST BOND INC	25	DYMEK ASIA (S) PTE LTD

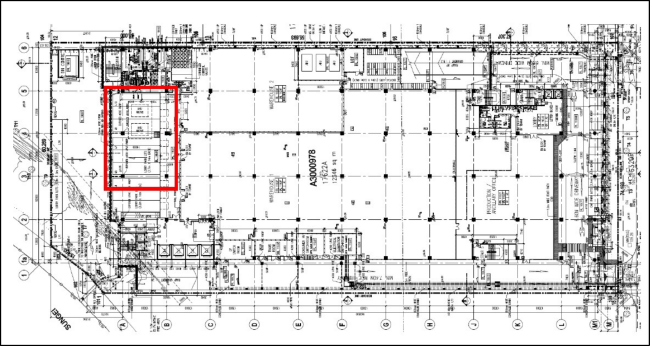
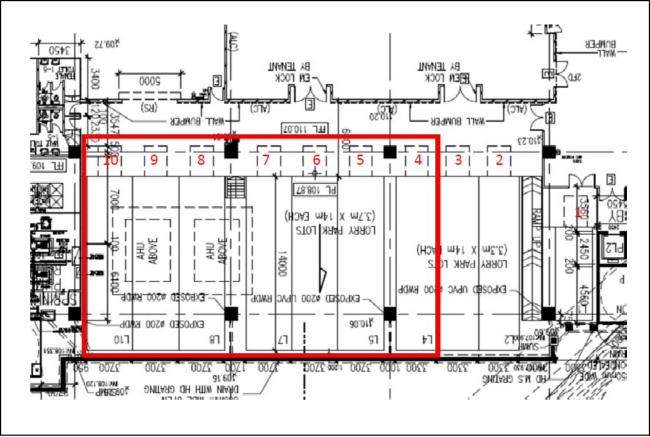
PART A	S/No	Name not in ACRA yet
CANON MACHINERY INC	26	CANON MACHINERY INC
DIAS AUTOMATION	27	DIAS AUTOMATION
HESSE & KNIPPS	28	HESSE & KNIPPS
KAIJO CORP	29	KAIJO CORP
MUEHLBAUER HOLDING AG & CO. KGAA	30	MUEHLBAUER HOLDING AG & CO. KGAA
PECO CO., LTD	31	PECO CO., LTD
SHIBAURA MECHATRONICS CORP	32	SHIBAURA MECHATRONICS CORP
ULTRASONIC ENGINEERING CO., LTD	33	ULTRASONIC ENGINEERING CO., LTD
YAMAHA	34	YAMAHA
FOUNTAINVEST PARTNERS	35	FOUNTAINVEST PARTNERS
SHIBUYA GROUP	36	SHIBUYA GROUP
KAIJO SHIBUYA	37	KAIJO SHIBUYA
HESSE MECHATRONICS	38	HESSE MECHATRONICS
NORDSON ASMTEK	39	NORDSON ASMTEK
PROTEC CO LTD	40	PROTEC CO LTD
MUSASHI ENGINEERING	41	MUSASHI ENGINEERING
GPD GLOBAL	42	GPD GLOBAL
FISNAR	43	FISNAR
TECHCON	44	TECHCON

S/No	PART B
1	WIRE BONDING EQUIPMENT
2	DIE ATTACH EQUIPMENT
3	STUD BUMPER
4	BONDING TOOLS
5	DICING BLADES
6	SMT PICK AND PLACE
7	LITHOGRAPHY
8	MINI AND MICRO LED TRANSFER AND PLACEMENT
9	FLIP CHIP
10	DISPENSING EQUIPMENT

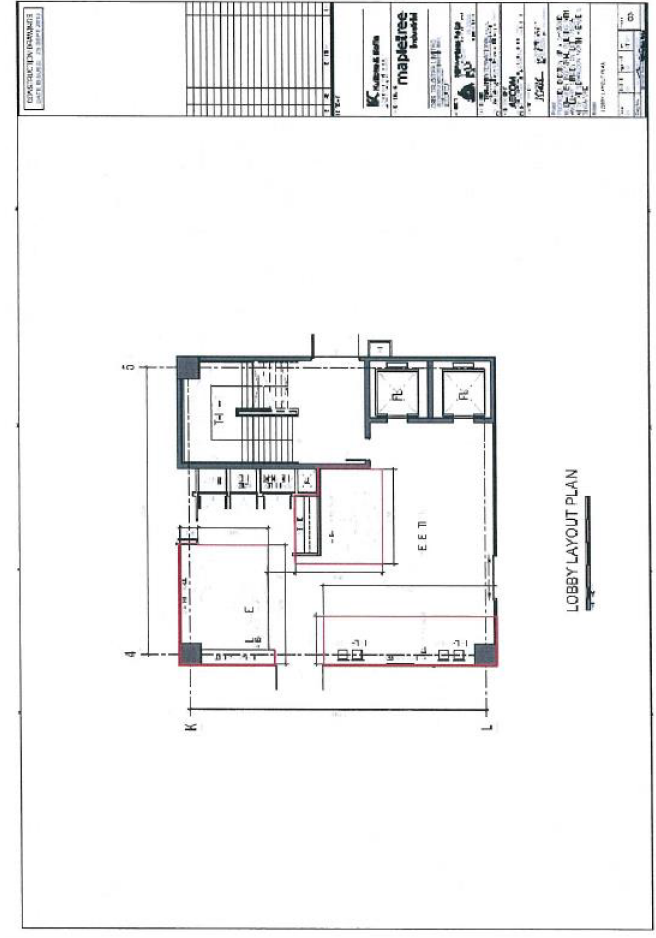
S/No	PART C
1	WAFER AND DIE INSPECTION EQUIPMENT
2	ASSEMBLY INSPECTION EQUIPMENT
3	DICING EQUIPMENT
4	MOLDING & SEALING EQUIPMENT
5	WAFER LEVEL PACKAGING EQUIPMENT
6	VISION INSPECTION & IMAGING SYSTEMS
7	LASER BASED MICROMACHINING EQUIPMENT
8	LASER BASED SEMICONDUCTOR, LED AND PV MANUFACTURING EQUIPMENT
9	TEMPORARY BONDING AND DE-BONDING SYSTEMS
10	WAFER BONDING EQUIPMENT
11	METROLOGY EQUIPMENT AND SYSTEMS
12	YIELD ENHANCEMENTS TOOLS

APPENDIX 4

DESIGNATED LOADING DOCKS



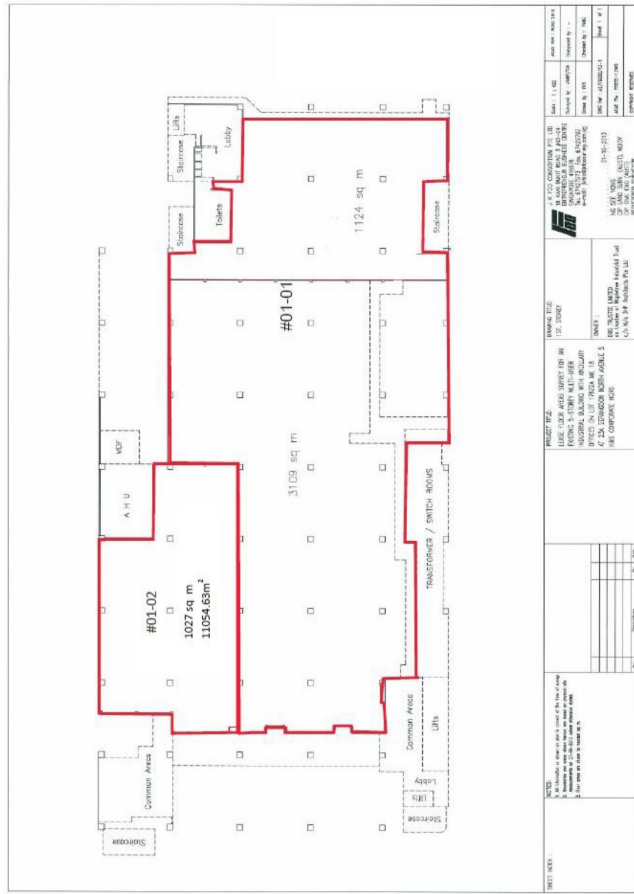
**APPENDIX 5
LICENSED AREA**



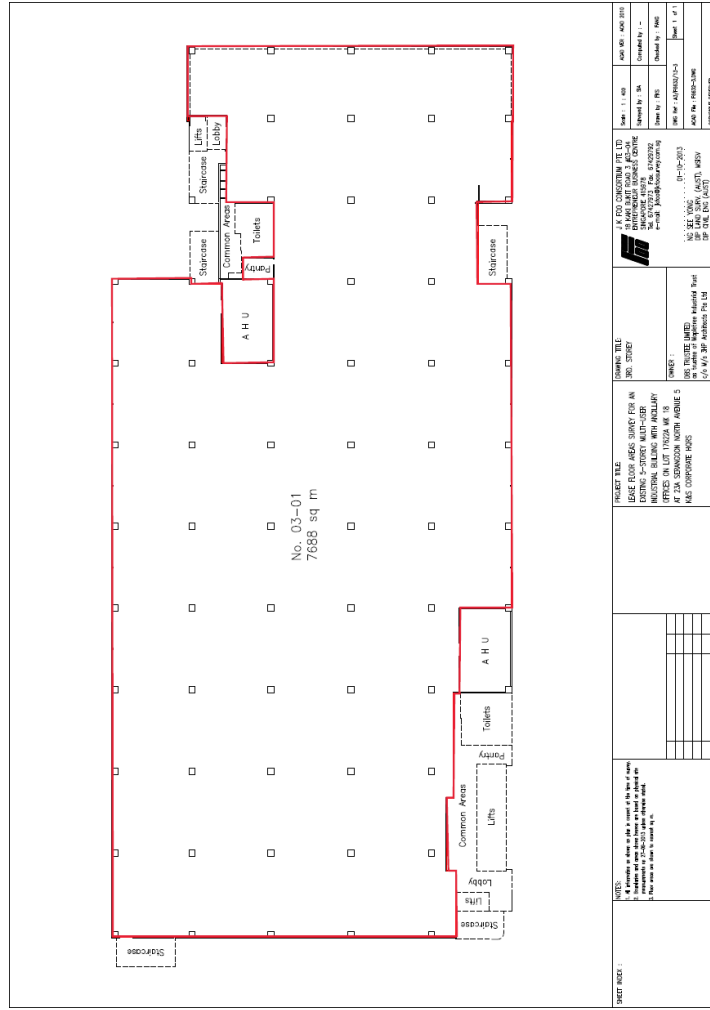
APPENDIX 7

THE PREMISES

23A Serangoon North Avenue 5 #01-01 and #01-02 Singapore 554369

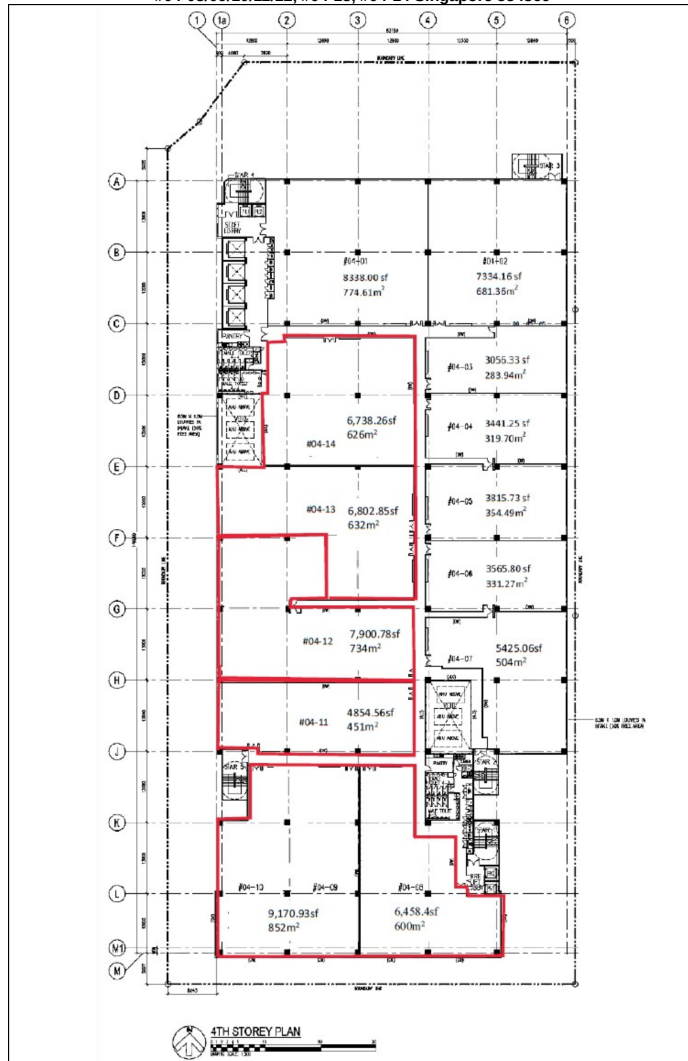


23A Serangoon North Avenue 5
#03-01 Singapore 554369

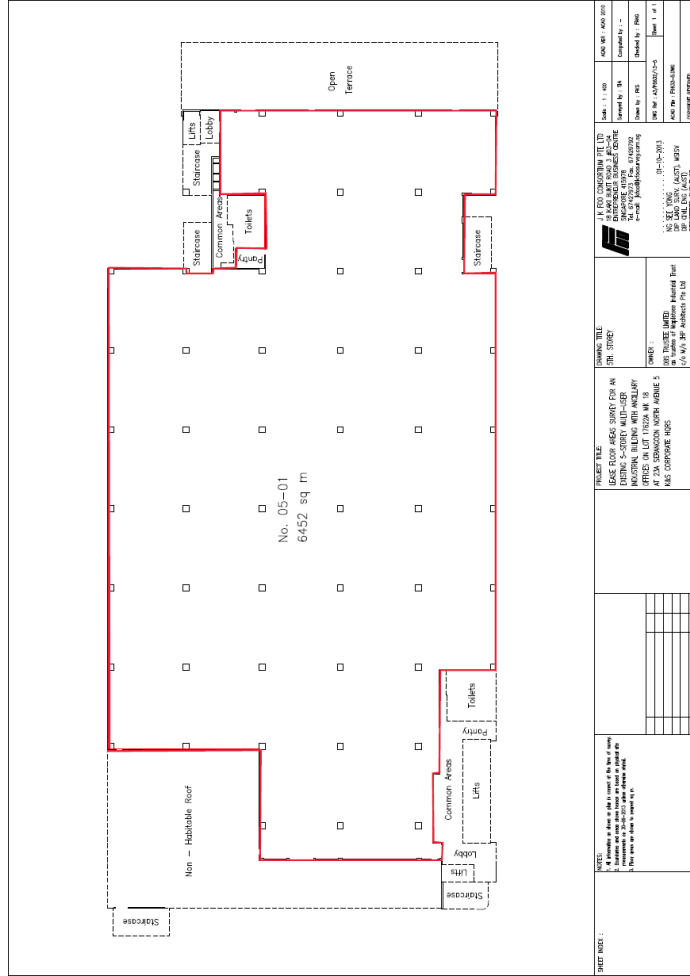


SHEET INDEX : All drawings or plans or shall be shown in the form of some common drawing sheet to be referred to in the schedule of drawings and to be used for reference. This drawing has been issued by us.	NOTES : SEE VISUAL MARKS AND PLANS AND ELEVATIONS FOR THE POSITION OF THE AIR CONDITIONING UNIT. SEE PLAN AND ELEVATIONS FOR THE POSITION OF THE AIR CONDITIONING UNIT.	No. 03-01 7688 sq m	PROJECT DATA : BASE FLOOR AREA SURVEY FOR AN INDUSTRIAL BUILDING WITH MEZZANINE AND ROOF TERRACE AT 23A SERANGOON NORTH AVENUE 5 AHS CORPORATE MARKS	ISSUED TITLE : 3RD STOREY MARKS : SEE VISUAL MARKS AND PLANS AND ELEVATIONS FOR THE POSITION OF THE AIR CONDITIONING UNIT.	AS PER CONSTRUCTION (R) LTD : 23A SERANGOON NORTH AVENUE 5 #03-01 INDUSTRIAL BUILDING WITH MEZZANINE AND ROOF TERRACE SURVEY FOR 3RD STOREY SURVEY FOR THE POSITION OF THE AIR CONDITIONING UNIT.	Scale : 1:100 Drawn by : SA Checked by : HNS Date : 14/02/2023 AHS (P) 188322-2023 COMPANY LOGO
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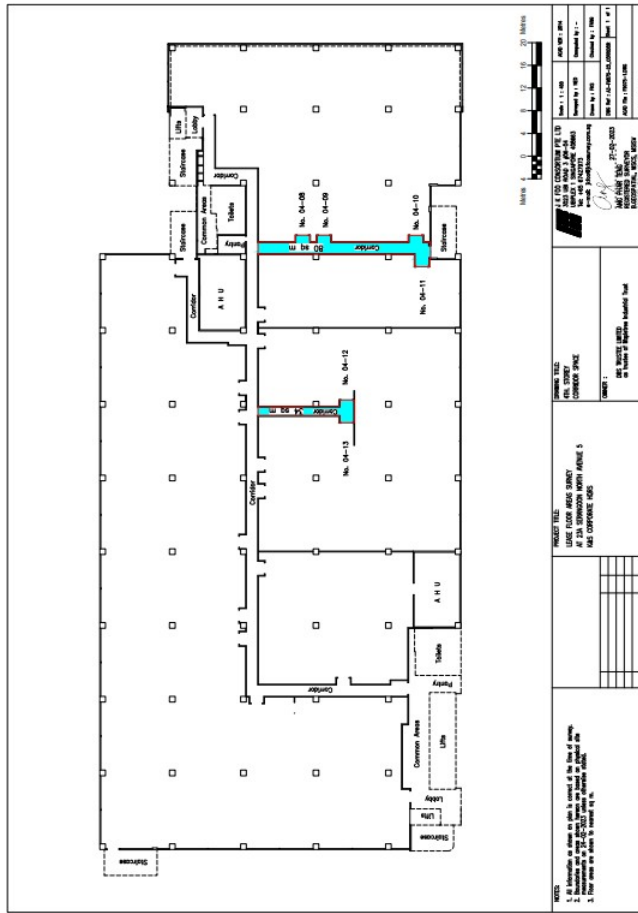
23A Serangoon North Avenue 5
 #04-08/09/10/11/12, #04-13, #04-14 Singapore 554369



23A Serangoon North Avenue 5
#05-01 Singapore 554369



<p>PROJECT TITLE :</p> <p>BASE FLOOR AREA SUBMITTED FOR AN APPROVAL FOR THE CONSTRUCTION OF THE INDUSTRIAL BUILDING WITH AN OUTLET OFFICES ON LOT 17/23A AT 18 SERANGOON NORTH AVENUE, SINGAPORE 554369.</p> <p>OWNER :</p> <p>THE PRIVATE LIMITED 18/17/23A Serangoon North Avenue Singapore 554369</p>	<p>DRAWING TITLE :</p> <p>FOR SITE PLAN</p>	<p>PROJECT TITLE :</p> <p>18/17/23A Serangoon North Avenue Industrial Building with an Outlet Offices on Lot 17/23A at 18 Serangoon North Avenue, Singapore 554369.</p> <p>OWNER :</p> <p>THE PRIVATE LIMITED 18/17/23A Serangoon North Avenue Singapore 554369</p>	<p>DATE :</p> <p>18/11/2024</p>	<p>SCALE :</p> <p>1:100</p>	<p>DATE :</p> <p>18/11/2024</p>



APPENDIX 8

PLANS SHOWING RESERVED PREMISES 1 AND RESERVED PREMISES 2

- Not Applicable -

IN WITNESS WHEREOF this Agreement has been entered into on the date stated at the beginning.

THE LANDLORD

SIGNED by)
for and on behalf of)
DBS TRUSTEE LIMITED)
AS TRUSTEE OF MAPLE TREE INDUSTRIAL TRUST)
in the presence of:)

Witness' signature Name:

THE TENANT

SIGNED by)
for and on behalf of)
KULICKE & SOFFA PTE. LTD.)
in the presence of:)

Witness' signature Name:

KULICKE AND SOFFA INDUSTRIES, INC.

2021 OMNIBUS INCENTIVE PLAN

Performance Share Unit Award Agreement

This Performance Share Unit Award Agreement (the "Agreement") dated as of «Date of Grant» (the "Award Date") is between Kulicke and Soffa Industries, Inc. (the "Company") and «First_name» «Last_name» (the "Participant") pursuant to the Kulicke and Soffa Industries, Inc. 2021 Omnibus Incentive Plan (as amended from time to time, the "Plan"). Capitalized terms that are not defined herein shall have the same meanings given to such terms in the Plan.

WHEREAS, the Committee has authorized the grant to the Participant of performance-based Restricted Stock Units (the "Performance Share Units") in accordance with the provisions of the Plan, a copy of which is attached hereto; and

WHEREAS, the Participant and the Company desire to enter into this Agreement to evidence and confirm the grant of such Performance Share Units (the "Award") on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the legal sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Share Units. The Company hereby grants to the Participant an Award of «Growth_PSUs» Performance Share Units assuming 100% achievement of the Performance Measures, up to a maximum of [____] Performance Share Units assuming maximum achievement of the Performance Measures. Upon fulfillment of the requirements set forth below, the Participant shall, except as otherwise provided in this Agreement, have the right to receive one share of Common Stock of the Company ("Share") for each earned Performance Share Unit. This grant is in all respects limited and conditioned as hereinafter provided and is subject in all respects to the terms and conditions of the Plan now in effect and as it may be amended from time to time (but only to the extent that such amendments apply to outstanding awards under the Plan). Such terms and conditions are incorporated herein by reference, made a part hereof, and shall control in the event of any conflict with any other terms of this Agreement.

2. Performance Share Unit Vesting. The performance period for this Award shall commence on «Period Begin Date» and shall end on Period End Date» (the "Performance Period"). The Award shall be subject to all vesting requirements, including the achievement of Performance Measures, as set forth in Appendix A to this Agreement. Subject to Section 4 below, the Performance Share Units subject to this Award shall be eligible to vest upon the Participant's continued employment through the later of the third anniversary of the grant date or the date of certification by an independent consulting firm appointed by the Company of the achievement of the applicable Performance Measures (such date, the "Vesting Date").

3. Settlement of Vested Performance Share Units. Except as otherwise provided in this Agreement, one Share shall be delivered to the Participant for each vested Performance Share Unit as soon as administratively practicable following the Vesting Date but no later than the fifteenth day of the third month following the end of the calendar year in which the Vesting Date occurs.

4. Termination of Service. Eligibility. Eligibility to vest in the Performance Share Units subject to the Award is also subject to the Participant remaining continuously employed with the Company and its Subsidiaries through the last day of the Performance Period, provided however, (i) if the Participant terminates employment with the Company and its Subsidiaries during the Performance Period due to a Mutually Agreed Retirement (as defined below), the Participant shall remain eligible to vest in the Performance Share Units subject to the Award to the extent the Participant would otherwise have vested in the Performance Share Units based on the actual achievement of the Performance Measures as determined at the end of the Performance Period had he or she remained employed by the Company and its Subsidiaries through the end of the Performance Period, or (ii) if the Participant terminates employment with the Company and its Subsidiaries during the Performance Period due to Voluntary Retirement (as defined below), Disability (as defined in Section 422(c) of the Code) or death, the Participant (or in the event of death, the Participant's beneficiary) shall be eligible to vest in a pro rata portion of the Performance Share Units subject to the Award that the Participant would otherwise have vested based on the actual achievement of the Performance Measures as determined at the end of the Performance Period had he or she remained employed by the Company and its Subsidiaries through the end of the Performance Period. The pro rata portion will be calculated

based on full months as measured from the grant date to the corresponding day of each succeeding month prior to such termination of employment. If the Participant terminates employment with the Company and its Subsidiaries for any other reason, all unvested Performance Share Units at the time of such termination of employment shall be forfeited.

For purposes of the foregoing, (x) a "Mutually Agreed Retirement" means that the Board and the Participant have mutually agreed on Participant's termination of employment with the Company and its Subsidiaries that is consistent with the Company's succession plan for the Company's CEO, and (y) a "Voluntary Retirement" means Participant has unilaterally elected to terminate employment with the Company and its Subsidiaries on or after attaining age 50 and completing at least three years of continuous employment with the Company and/or its Subsidiaries, provided the sum of the Participant's age and years of continuous employment with the Company and/or its Subsidiaries equals or exceeds 60.

In each case, Shares attributable to the prorated Performance Share Units subject to this Award shall be delivered to the Participant as soon as administratively practicable following the Vesting Date but no later than the fifteenth day of the third month following the end of the calendar year in which the Vesting Date occurs.

5. Adjustment in Capitalization. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation – Stock Compensation), the Shares subject to this Award shall be treated as set forth in Section 7.6 of the Plan.

6. Change in Control. In the event of a Change in Control, the Award shall be treated as set forth in Section 7.7 of the Plan. Notwithstanding the foregoing, in the event the Participant remains employed by the Company through a Change in Control (or the Award remains eligible for vesting in the event of a Mutually Agreed Retirement or Voluntary Retirement that satisfies the conditions of Section 4 above) and the surviving or successor entity does not assume, substitute, or continue the Award, the Participant shall vest in the Performance Share Units immediately prior to the closing of the Change in Control with such vesting based on target achievement of the Performance Measures. For purposes of clarity, the Performance Share Units shall vest based on the foregoing sentence immediately prior to the closing of the Change in Control rather than at the end of the Performance Period. In the event a Change in Control occurs and the surviving or successor entity agrees to assume this outstanding Award and the Participant is terminated by the Company or the successor entity without Cause within twenty-four (24) months after the Change in Control, then the Award shall vest on such date of termination based on target achievement of the Performance Measures.

For purposes hereof, "Cause" shall mean, unless otherwise provided in an employment agreement between the Company and the Participant, a determination by the Company that the Participant was or should have been dismissed as a result of (i) any material breach by the Participant of any agreement between the Participant and the Company; (ii) any material violation by the Participant of any written policy of the Company, including, without limitation, the Company's Code of Business Conduct; (iii) the conviction of, indictment for or plea of nolo contendere by the Participant to a felony or a crime involving moral turpitude; (iv) conduct of the Participant, in connection with Participant's employment or service, that has resulted, or could reasonably be expected to result, in material injury to the business or reputation of the Company; or (v) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Participant of the Participant's duties to the Company.

7. Restrictions on Transfer. Performance Share Units may not be sold, assigned, hypothecated, pledged or otherwise transferred or encumbered in any manner except by will or the laws of descent and distribution.

8. Withholding of Taxes. The obligation of the Company to deliver Shares or cash shall be subject to applicable Federal, state and local tax withholding requirements. The Committee may require the Participant to remit to the Company an amount sufficient to satisfy the withholding requirements or may, in its discretion, permit or require the Participant, subject to the provisions of the Plan and withholding rules established by the Committee, to satisfy the withholding tax, in whole or in part, by electing to have the Company withhold Shares or cash (or by returning previously acquired Shares to the Company). Such election must be made in compliance with and subject to the withholding rules, and the Company may limit the number of Shares withheld to satisfy the minimum tax withholding requirements to the extent necessary to avoid adverse accounting consequences.

9. No Rights as a Shareholder. Until Shares are issued, if at all, in satisfaction of the Company's obligations under this Award, in the time and manner specified above, the Participant shall have no rights as a shareholder with respect to such Shares.

10. No Right to Continued Employment. Neither the execution and delivery hereof nor the granting of the Award shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or any of its Subsidiaries to employ or continue the employment of the Participant for any period.

11. Clawback Rights. Notwithstanding any other provision of the Plan or this Agreement, this Award is subject to recovery under any law, government regulation or stock exchange listing requirement and will be subject to such deductions and clawback as may be required pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to such law, government regulation or stock exchange listing requirement).

12. Governing Law. The Award and the legal relations between the parties shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (without reference to the principles of conflicts of law).

13. Signature in Counterpart. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.

14. Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the Company or the Participant or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

15. Amendment. This Agreement may not be altered, modified or amended except by a written instrument signed by the Company and the Participant.

16. Sections and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

17. Section 409A. This Award is intended as a short-term deferral, and to not be subject to any tax, penalty, or interest under, Section 409A of the Internal Revenue Code and the regulations promulgated thereunder. This Award, this Agreement and the Plan (as to the Award) shall be construed and interpreted consistent with such intent. To the extent that any amounts payable hereunder are determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A, such amounts shall be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Section 409A, and the settlement of any such amounts may not be accelerated or delayed except to the extent permitted by Section 409A. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Participant in connection with his or her termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Participant is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the termination date (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Participant in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. The Company makes no representation or warranty and shall have no liability to the Participant or any other person if any payments under any provisions of this Agreement are determined to constitute deferred compensation under Section 409A and are subject to the 20 percent tax under Section 409A.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, and the Participant has executed this Agreement in duplicate as of the day and year first above written as the Award Date.

KULICKE AND SOFFA INDUSTRIES, INC.

By: _____
Name: Stephen R. Drake
Title: Vice President, Legal Affairs & General Counsel

By: _____
Participant

Appendix A

The terms of the grant are stated below:

Award Date	<<Award Date>>
Performance Period	<<Performance Begin Date>> to <<Performance End Date>>
Vesting	See the Award Agreement. At a high level, cliff vesting upon later of the third anniversary of the award date and certification of achievement of performance goals following the end of the performance period
Target Performance and Performance Goals	<ul style="list-style-type: none"> • Absolute Revenue Growth (as described below) of 5%, averaged over the three fiscal years of the performance period • Relative Revenue Growth (as described below) against BESI's and ASMP's annual revenue growth for each year of the three-year performance period
Payout Range	Greater of: <ul style="list-style-type: none"> • 0% to 200% of Growth PSUs based on absolute revenue growth; or • 0% to 50% of Growth PSUs based upon relative revenue growth

Payout Range for Absolute Revenue Growth

The percentage of Growth PSUs that will vest based on absolute revenue growth will range from 0% to 200% based upon the average of the Company's organic revenue growth over the performance period.

The scale below shows the award payout percentage from <0% revenue growth to >10% revenue growth with a target of 5% revenue growth. Final vesting of the Awards will be interpolated and expressed as a full percentage from 0% to 200%.

Absolute Revenue Growth	Payout
>= 10%	200%
5%	100%
0%	25%
< 0%	0%

Payout Range for Relative Revenue Growth

The percentage of Growth PSUs that will vest based on relative revenue growth will range from 0% to 50% based on the Company's annual revenue growth against BESI's and ASMP's annual revenue growth, 1/12 for each year of the three-year performance period that the Company's annual revenue growth is greater than either BESI's or ASMP's annual revenue growth.

Example:

Using below hypothetical results as an example (green shading indicates that K&S outperformed a competitor for a given year):

Sample Fiscal Year	Absolute Organic Revenue Growth	Competitor A Revenue Growth	Competitor B Revenue Growth
Year 1	-4.7%	1.8%	-2.0%
Year 2	-32.4%	-38.0%	-35.1%
Year 3	6.3%	6.0%	5.5%
Year 4	-16.1%	-18.0%	-18.6%
Year 5	14.1%	13.8%	12.5%
Year 6	27.7%	28.0%	27.8%

The number of shares to be vested (assume a Growth PSU grant with a target of 300 shares each year):

	Year 1 Grant	Year 2 Grant	Year 3 Grant	Year 4 Grant
Absolute Organic Revenue Growth Performance (average of 3-year performance period)				
Year 1				
Year 2	-10.3%			
Year 3		-14.1%		
Year 4			1.4%	
Year 5				8.6%
Year 6				
% Vested per Payout Table	0%	0%	46%	172%
# Shares Vested (AORG)	0	0	138	516
Relative Revenue Growth Performance Against Competitors (# of periods we outperform competitors - max of 6)				
Year 1				
Year 2	4			
Year 3		6		
Year 4			6	
Year 5				4
Year 6				
% Vested (Each outperformance period x 1/12)	33%	50%	50%	33%
# Shares Vested (RRG)	100	150	150	100
Actual Vesting (Greater of AORG or RRG)	100	150	150	516

Notes:

- Years 1 & 2 Grants show vesting scenarios where AORG did not exceed threshold but we had periods of outperformance against direct competitors.
- Year 3 Grant shows vesting scenario where, although AORG exceeded threshold, payout using RRG was better.
- Year 4 Grant show vesting scenario where AORG payout was greater than RRG payout

KULICKE AND SOFFA INDUSTRIES, INC.

2021 OMNIBUS INCENTIVE PLAN

Performance Share Unit Award Agreement

This Performance Share Unit Award Agreement (the "Agreement") dated as of «Date of Grant» (the "Award Date") is between Kulicke and Soffa Industries, Inc. (the "Company") and «First_name» «Last_name» (the "Participant") pursuant to the Kulicke and Soffa Industries, Inc. 2021 Omnibus Incentive Plan (as amended from time to time, the "Plan"). Capitalized terms that are not defined herein shall have the same meanings given to such terms in the Plan.

WHEREAS, the Committee has authorized the grant to the Participant of performance-based Restricted Stock Units (the "Performance Share Units") in accordance with the provisions of the Plan, a copy of which is attached hereto; and

WHEREAS, the Participant and the Company desire to enter into this Agreement to evidence and confirm the grant of such Performance Share Units (the "Award") on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the legal sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Share Units. The Company hereby grants to the Participant an Award of «Growth_PSUs» Performance Share Units assuming 100% achievement of the Performance Measures, up to a maximum of [] Performance Share Units assuming maximum achievement of the Performance Measures. Upon fulfillment of the requirements set forth below, the Participant shall, except as otherwise provided in this Agreement, have the right to receive one share of Common Stock of the Company ("Share") for each earned Performance Share Unit. This grant is in all respects limited and conditioned as hereinafter provided and is subject in all respects to the terms and conditions of the Plan now in effect and as it may be amended from time to time (but only to the extent that such amendments apply to outstanding awards under the Plan). Such terms and conditions are incorporated herein by reference, made a part hereof, and shall control in the event of any conflict with any other terms of this Agreement.

2. Performance Share Unit Vesting. The performance period for this Award shall commence on «Period Begin Date» and shall end on Period End Date» (the "Performance Period"). The Award shall be subject to all vesting requirements, including the achievement of Performance Measures, as set forth in Appendix A to this Agreement. Subject to Section 4 below, the Performance Share Units subject to this Award shall be eligible to vest upon the Participant's continued employment through the later of the third anniversary of the grant date or the date of certification by an independent consulting firm appointed by the Company of the achievement of the applicable Performance Measures (such date, the "Vesting Date").

3. Settlement of Vested Performance Share Units. Except as otherwise provided in this Agreement, one Share shall be delivered to the Participant for each vested Performance Share Unit as soon as administratively practicable following the Vesting Date but no later than the fifteenth day of the third month following the end of the calendar year in which the Vesting Date occurs.

4. Termination of Service. Eligibility to vest in the Performance Share Units subject to the Award is also subject to the Participant remaining continuously employed with the Company and its Subsidiaries through the last day of the Performance Period, provided however, if the Participant terminates employment with the Company and its Subsidiaries during the Performance Period due to Retirement (as defined below), Disability (as defined in Section 422(c) of the Code) or death, the Participant (or in the event of death, the Participant's beneficiary) shall be eligible to vest in a pro rata portion of the Performance Share Units subject to the Award that the Participant would otherwise have vested based on the actual achievement of the Performance Measures as determined at the end of the Performance Period had he or she remained employed by the Company and its Subsidiaries through the end of the Performance Period. The pro rata portion will be calculated based on full months as measured from the grant date to the corresponding day of each succeeding month prior to such termination of employment. If the Participant terminates employment with the Company and its Subsidiaries for any other reason, all unvested Performance Share Units at the time of such termination of employment shall be forfeited. For purposes of this Agreement, "Retirement" means a Participant has unilaterally elected to terminate employment with the Company and its Subsidiaries on or after attaining age 50 and completing at least three years of continuous employment with the

Company and/or its Subsidiaries, provided the sum of the Participant's age and years of continuous employment with the Company and/or its Subsidiaries equals or exceeds 60.

In each case, Shares attributable to the prorated Performance Share Units subject to this Award shall be delivered to the Participant as soon as administratively practicable following the Vesting Date but no later than the fifteenth day of the third month following the end of the calendar year in which the Vesting Date occurs.

5. Adjustment in Capitalization. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation – Stock Compensation), the Shares subject to this Award shall be treated as set forth in Section 7.6 of the Plan.

6. Change in Control. In the event of a Change in Control, the Award shall be treated as set forth in Section 7.7 of the Plan. Notwithstanding the foregoing, in the event the Participant remains employed by the Company through a Change in Control (or the Award remains eligible for vesting in the event of Retirement that satisfies the conditions of Section 4 above) and the surviving or successor entity does not assume, substitute, or continue the Award, the Participant shall vest in the Performance Share Units immediately prior to the closing of the Change in Control with such vesting based on target achievement of the Performance Measures. For purposes of clarity, the Performance Share Units shall vest based on the foregoing sentence immediately prior to the closing of the Change in Control rather than at the end of the Performance Period. In the event a Change in Control occurs and the surviving or successor entity agrees to assume this outstanding Award and the Participant is terminated by the Company or the successor entity without Cause within twenty-four (24) months after the Change in Control, then the Award shall vest on such date of termination based on target achievement of the Performance Measures.

For purposes hereof, "Cause" shall mean, unless otherwise provided in an employment agreement between the Company and the Participant, a determination by the Company that the Participant was or should have been dismissed as a result of (i) any material breach by the Participant of any agreement between the Participant and the Company; (ii) any material violation by the Participant of any written policy of the Company, including, without limitation, the Company's Code of Business Conduct; (iii) the conviction of, indictment for or plea of nolo contendere by the Participant to a felony or a crime involving moral turpitude; (iv) conduct of the Participant, in connection with Participant's employment or service, that has resulted, or could reasonably be expected to result, in material injury to the business or reputation of the Company; or (v) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Participant of the Participant's duties to the Company.

7. Restrictions on Transfer. Performance Share Units may not be sold, assigned, hypothecated, pledged or otherwise transferred or encumbered in any manner except by will or the laws of descent and distribution.

8. Withholding of Taxes. The obligation of the Company to deliver Shares or cash shall be subject to applicable Federal, state and local tax withholding requirements. The Committee may require the Participant to remit to the Company an amount sufficient to satisfy the withholding requirements or may, in its discretion, permit or require the Participant, subject to the provisions of the Plan and withholding rules established by the Committee, to satisfy the withholding tax, in whole or in part, by electing to have the Company withhold Shares or cash (or by returning previously acquired Shares to the Company). Such election must be made in compliance with and subject to the withholding rules, and the Company may limit the number of Shares withheld to satisfy the minimum tax withholding requirements to the extent necessary to avoid adverse accounting consequences.

9. No Rights as a Shareholder. Until Shares are issued, if at all, in satisfaction of the Company's obligations under this Award, in the time and manner specified above, the Participant shall have no rights as a shareholder with respect to such Shares.

10. No Right to Continued Employment. Neither the execution and delivery hereof nor the granting of the Award shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or any of its Subsidiaries to employ or continue the employment of the Participant for any period.

11. Clawback Rights. Notwithstanding any other provision of the Plan or this Agreement, this Award is subject to recovery under any law, government regulation or stock exchange listing requirement and will be subject to such deductions and clawback as may be required pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to such law, government regulation or stock exchange listing requirement).

12. Governing Law. The Award and the legal relations between the parties shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (without reference to the principles of conflicts of law).

13. Signature in Counterpart. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.

14. Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the Company or the Participant or

their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

15. Amendment. This Agreement may not be altered, modified or amended except by a written instrument signed by the Company and the Participant.

16. Sections and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

17. Section 409A. This Award is intended as a short-term deferral, and to not be subject to any tax, penalty, or interest under, Section 409A of the Internal Revenue Code and the regulations promulgated thereunder. This Award, this Agreement and the Plan (as to the Award) shall be construed and interpreted consistent with such intent. To the extent that any amounts payable hereunder are determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A, such amounts shall be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Section 409A, and the settlement of any such amounts may not be accelerated or delayed except to the extent permitted by Section 409A. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Participant in connection with his or her termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Participant is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the termination date (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Participant in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. The Company makes no representation or warranty and shall have no liability to the Participant or any other person if any payments under any provisions of this Agreement are determined to constitute deferred compensation under Section 409A and are subject to the 20 percent tax under Section 409A.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, and the Participant has executed this Agreement in duplicate as of the day and year first above written as the Award Date.

KULICKE AND SOFFA INDUSTRIES, INC.

By: _____

Name: Stephen R. Drake

Title: Vice President, Legal Affairs & General Counsel

By: _____

Participant

Appendix A

The terms of the grant are stated below:

Award Date	<<Award Date>>
Performance Period	<<Performance Begin Date>> to <<Performance End Date>>
Vesting	See the Award Agreement. At a high level, cliff vesting upon later of the third anniversary of the award date and certification of achievement of performance goals following the end of the performance period
Target Performance and Performance Goals	<ul style="list-style-type: none"> • Absolute Revenue Growth (as described below) of 5%, averaged over the three fiscal years of the performance period • Relative Revenue Growth (as described below) against BESI's and ASMP's annual revenue growth for each year of the three-year performance period
Payout Range	Greater of: <ul style="list-style-type: none"> • 0% to 200% of Growth PSUs based on absolute revenue growth; or • 0% to 50% of Growth PSUs based upon relative revenue growth

Payout Range for Absolute Revenue Growth

The percentage of Growth PSUs that will vest based on absolute revenue growth will range from 0% to 200% based upon the average of the Company's organic revenue growth over the performance period.

The scale below shows the award payout percentage from <0% revenue growth to >10% revenue growth with a target of 5% revenue growth. Final vesting of the Awards will be interpolated and expressed as a full percentage from 0% to 200%.

Absolute Revenue Growth	Payout
>= 10%	200%
5%	100%
0%	25%
< 0%	0%

Payout Range for Relative Revenue Growth

The percentage of Growth PSUs that will vest based on relative revenue growth will range from 0% to 50% based on the Company's annual revenue growth against BESI's and ASMP's annual revenue growth, 1/12 for each year of the three-year performance period that the Company's annual revenue growth is greater than either BESI's or ASMP's annual revenue growth.

Example:

Using below hypothetical results as an example (green shading indicates that K&S outperformed a competitor for a given year):

Sample Fiscal Year	Absolute Organic Revenue Growth	Competitor A Revenue Growth	Competitor B Revenue Growth
Year 1	-4.7%	1.8%	-2.0%
Year 2	-32.4%	-38.0%	-35.1%
Year 3	6.3%	6.0%	5.5%
Year 4	-16.1%	-18.0%	-18.6%
Year 5	14.1%	13.8%	12.5%
Year 6	27.7%	28.0%	27.8%

The number of shares to be vested (assume a Growth PSU grant with a target of 300 shares each year):

	Year 1 Grant	Year 2 Grant	Year 3 Grant	Year 4 Grant
Absolute Organic Revenue Growth Performance (average of 3-year performance period)				
Year 1				
Year 2	-10.3%			
Year 3		-14.1%		
Year 4			1.4%	
Year 5				8.6%
Year 6				
% Vested per Payout Table	0%	0%	46%	172%
# Shares Vested (AORG)	0	0	138	516
Relative Revenue Growth Performance Against Competitors (# of periods we outperform competitors - max of 6)				
Year 1				
Year 2	4			
Year 3		6		
Year 4			6	
Year 5				4
Year 6				
% Vested (Each outperformance period x 1/12)	33%	50%	50%	33%
# Shares Vested (RRG)	100	150	150	100
Actual Vesting (Greater of AORG or RRG)	100	150	150	516

Notes:

- Years 1 & 2 Grants show vesting scenarios where AORG did not exceed threshold but we had periods of outperformance against direct competitors.
- Year 3 Grant shows vesting scenario where, although AORG exceeded threshold, payout using RRG was better.
- Year 4 Grant show vesting scenario where AORG payout was greater than RRG payout

KULICKE AND SOFFA INDUSTRIES, INC.

2021 OMNIBUS INCENTIVE PLAN

Performance Share Unit Award Agreement

This Performance Share Unit Award Agreement (the "Agreement") dated as of «Date of Grant» (the "Award Date") is between Kulicke and Soffa Industries, Inc. (the "Company") and «First_name» «Last_name» (the "Participant") pursuant to the Kulicke and Soffa Industries, Inc. 2021 Omnibus Incentive Plan (as amended from time to time, the "Plan"). Capitalized terms that are not defined herein shall have the same meanings given to such terms in the Plan.

WHEREAS, the Committee has authorized the grant to the Participant of performance-based Restricted Stock Units (the "Performance Share Units") in accordance with the provisions of the Plan, a copy of which is attached hereto; and

WHEREAS, the Participant and the Company desire to enter into this Agreement to evidence and confirm the grant of such Performance Share Units (the "Award") on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the legal sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Share Units. The Company hereby grants to the Participant an Award of «Relative TSR» Performance Share Units assuming 100% achievement of the Performance Measures, up to a maximum of [____] Performance Share Units assuming maximum achievement of the Performance Measures. Upon fulfillment of the requirements set forth below, the Participant shall, except as otherwise provided in this Agreement, have the right to receive one share of Common Stock of the Company ("Share") for each earned Performance Share Unit. This grant is in all respects limited and conditioned as hereinafter provided and is subject in all respects to the terms and conditions of the Plan now in effect and as it may be amended from time to time (but only to the extent that such amendments apply to outstanding awards under the Plan). Such terms and conditions are incorporated herein by reference, made a part hereof, and shall control in the event of any conflict with any other terms of this Agreement.

2. Performance Share Unit Vesting. The performance period for this Award shall commence on «Period Begin Date» and shall end on Period End Date» (the "Performance Period"). The Award shall be subject to all vesting requirements, including the achievement of Performance Measures, as set forth in Appendix A to this Agreement. Subject to Section 4 below, the Performance Share Units subject to this Award shall be eligible to vest upon the Participant's continued employment through the later of the third anniversary of the grant date or the date of certification by an independent consulting firm appointed by the Company of the achievement of the applicable Performance Measures (such date, the "Vesting Date").

3. Settlement of Vested Performance Share Units. Except as otherwise provided in this Agreement, one Share shall be delivered to the Participant for each vested Performance Share Unit as soon as administratively practicable following the Vesting Date but no later than the fifteenth day of the third month following the end of the calendar year in which the Vesting Date occurs.

4. Termination of Service. Eligibility to vest in the Performance Share Units subject to the Award is also subject to the Participant remaining continuously employed with the Company and its Subsidiaries through the last day of the Performance Period, provided however, (i) if the Participant terminates employment with the Company and its Subsidiaries during the Performance Period due to a Mutually Agreed Retirement (as defined below), the Participant shall remain eligible to vest in the Performance Share Units subject to the Award to the extent the Participant would otherwise have vested in the Performance Share Units based on the actual achievement of the Performance Measures as determined at the end of the Performance Period had he or she remained employed by the Company and its Subsidiaries through the end of the Performance Period, or (ii) if the Participant terminates employment with the Company and its Subsidiaries during the Performance Period due to Voluntary Retirement (as defined below), Disability (as defined in Section 422(c) of the Code) or death, the Participant (or in the event of death, the Participant's beneficiary) shall be eligible to vest in a pro rata portion of the Performance Share Units subject to the Award that the Participant would otherwise have vested based on the actual achievement of the Performance Measures as determined at the end of the Performance Period had he or she remained employed by the Company and its Subsidiaries through the end of the Performance Period. The pro rata portion will be calculated

based on full months as measured from the grant date to the corresponding day of each succeeding month prior to such termination of employment. If the Participant terminates employment with the Company and its Subsidiaries for any other reason, all unvested Performance Share Units at the time of such termination of employment shall be forfeited.

For purposes of the foregoing, (x) a "Mutually Agreed Retirement" means that the Board and the Participant have mutually agreed on Participant's termination of employment with the Company and its Subsidiaries that is consistent with the Company's succession plan for the Company's CEO, and (y) a "Voluntary Retirement" means Participant has unilaterally elected to terminate employment with the Company and its Subsidiaries on or after attaining age 50 and completing at least three years of continuous employment with the Company and/or its Subsidiaries, provided the sum of the Participant's age and years of continuous employment with the Company and/or its Subsidiaries equals or exceeds 60.

In each case, Shares attributable to the prorated Performance Share Units subject to this Award shall be delivered to the Participant as soon as administratively practicable following the Vesting Date but no later than the fifteenth day of the third month following the end of the calendar year in which the Vesting Date occurs.

5. Adjustment in Capitalization. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation – Stock Compensation), the Shares subject to this Award shall be treated as set forth in Section 7.6 of the Plan.

6. Change in Control. In the event of a Change in Control, the Award shall be treated as set forth in Section 7.7 of the Plan. Notwithstanding the foregoing, in the event the Participant remains employed by the Company through a Change in Control (or the Award remains eligible for vesting in the event of a Mutually Agreed Retirement or Voluntary Retirement that satisfies the conditions of Section 4 above) and the surviving or successor entity does not assume, substitute, or continue the Award, the Participant shall vest in the Performance Share Units immediately prior to the closing of the Change in Control with such vesting based on (i) if the Change in Control is consummated within the first year of the Performance Period, target achievement of the Performance Measures, or (ii) if the Change in Control is consummated after the first year of the Performance Period, actual achievement of the Performance Measures as of the Change in Control, as determined by the Committee. For purposes of clarity, the Performance Share Units shall vest based on the foregoing sentence immediately prior to the closing of the Change in Control rather than at the end of the Performance Period. In the event a Change in Control occurs and the surviving or successor entity agrees to assume this outstanding Award and the Participant is terminated by the Company or the successor entity without Cause within twenty-four (24) months after the Change in Control, then the Award shall vest on such date of termination based on (i) if the date of termination occurs within the first year of the Performance Period, target achievement of the Performance Measures, or (ii) if the date of termination occurs after the first year of the Performance Period, actual achievement of the Performance Measures as of the date of termination, as determined by the Committee.

For purposes hereof, "Cause" shall mean, unless otherwise provided in an employment agreement between the Company and the Participant, a determination by the Company that the Participant was or should have been dismissed as a result of (i) any material breach by the Participant of any agreement between the Participant and the Company; (ii) any material violation by the Participant of any written policy of the Company, including, without limitation, the Company's Code of Business Conduct; (iii) the conviction of, indictment for or plea of nolo contendere by the Participant to a felony or a crime involving moral turpitude; (iv) conduct of the Participant, in connection with Participant's employment or service, that has resulted, or could reasonably be expected to result, in material injury to the business or reputation of the Company; or (v) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Participant of the Participant's duties to the Company.

7. Restrictions on Transfer. Performance Share Units may not be sold, assigned, hypothecated, pledged or otherwise transferred or encumbered in any manner except by will or the laws of descent and distribution.

8. Withholding of Taxes. The obligation of the Company to deliver Shares or cash shall be subject to applicable Federal, state and local tax withholding requirements. The Committee may require the Participant to remit to the Company an amount sufficient to satisfy the withholding requirements or may, in its discretion, permit or require the Participant, subject to the provisions of the Plan and withholding rules established by the Committee, to satisfy the withholding tax, in whole or in part, by electing to have the Company withhold Shares or cash (or by returning previously acquired Shares to the Company). Such election must be made in compliance with and subject to the withholding rules, and the Company may limit the number of Shares withheld to satisfy the minimum tax withholding requirements to the extent necessary to avoid adverse accounting consequences.

9. No Rights as a Shareholder. Until Shares are issued, if at all, in satisfaction of the Company's obligations under this Award, in the time and manner specified above, the Participant shall have no rights as a shareholder with respect to such Shares.

10. No Right to Continued Employment. Neither the execution and delivery hereof nor the granting of the Award shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or any of its Subsidiaries to employ or continue the employment of the Participant for any period.

11. Clawback Rights. Notwithstanding any other provision of the Plan or this Agreement, this Award is subject to recovery under any law, government regulation or stock exchange listing requirement and will be subject to such deductions and clawback as may be required pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to such law, government regulation or stock exchange listing requirement).

12. Governing Law. The Award and the legal relations between the parties shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (without reference to the principles of conflicts of law).

13. Signature in Counterpart. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.

14. Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the Company or the Participant or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

15. Amendment. This Agreement may not be altered, modified or amended except by a written instrument signed by the Company and the Participant.

16. Sections and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

17. Section 409A. This Award is intended as a short-term deferral, and to not be subject to any tax, penalty, or interest under, Section 409A of the Internal Revenue Code and the regulations promulgated thereunder. This Award, this Agreement and the Plan (as to the Award) shall be construed and interpreted consistent with such intent. To the extent that any amounts payable hereunder are determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A, such amounts shall be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Section 409A, and the settlement of any such amounts may not be accelerated or delayed except to the extent permitted by Section 409A. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Participant in connection with his or her termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Participant is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the termination date (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Participant in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. The Company makes no representation or warranty and shall have no liability to the Participant or any other person if any payments under any provisions of this Agreement are determined to constitute deferred compensation under Section 409A and are subject to the 20 percent tax under Section 409A.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, and the Participant has executed this Agreement in duplicate as of the day and year first above written as the Award Date.

KULICKE AND SOFFA INDUSTRIES, INC.

By: _____
Name: Stephen R. Drake
Title: Vice President, Legal Affairs & General Counsel

By: _____
Participant

Appendix A

The Management Development and Compensation Committee of the Board of Directors have established the following Performance Share Plan terms for performance share unit grants. All Performance Share Award grants are made pursuant to the Kulicke & Soffa Industries 2021 Equity Plan.

Performance Metric: Relative Total Shareholder Return

Performance for the purposes of determining the vesting of the performance share awards will be based on Relative Total Shareholder Return ("TSR"). Relative TSR measures the K&S share price movement over a performance period relative to the share price movement (plus accrued dividends, if appropriate) of peer companies.

$$\text{TSR} = \frac{\text{End of Period Share Price} - \text{Beginning of Period Share Price} + \text{Dividends}}{\text{Beginning of Period Share Price}}$$

Performance Share Awards

The terms of the grant are stated below:

Award Date	<<Award Date>>
Performance Period	<<Performance Begin Date>> to <<Performance End Date>>
Vesting	See Award Agreement. At a high level, cliff vesting upon later of the third anniversary of the award date and certification of achievement of performance goals following the end of the performance period
Peer Companies	Companies of GICS:45301020 (Semiconductors)*
Stock Averaging Period	90 calendar days
Target Performance	Median of the Peer Companies
Payout Range	0% to 200% of rTSR PSUs

* Companies traded on the Pink Sheets LLC Exchange have been excluded from the group of Peer Companies

Peer Companies

The companies of the GICS 45301020 (Semiconductors) not including companies traded on the Pink Sheets LLC Exchange as of the beginning of Performance Period will comprise the Peer Companies for the determination of the Relative TSR results of K&S at vesting.

Analog Devices, Inc.	Maxim Integrated Products, Inc.
Ambarella, Inc.	MaxLinear, Inc.
Advanced Micro Devices, Inc.	NeoPhotonics Corporation
Alpha and Omega Semiconductor Limited	NVIDIA Corporation
Broadcom Inc.	NVE Corporation
Envision Solar International, Inc.	NXP Semiconductors N.V.
CEVA, Inc.	O2Micro International Limited
Cree, Inc.	Universal Display Corporation
Cirrus Logic, Inc.	ON Semiconductor Corporation
Canadian Solar Inc.	Impinj, Inc.
Diodes Incorporated	Power Integrations, Inc.
DSP Group, Inc.	Pixelworks, Inc.

eMagin Corporation	QUALCOMM Incorporated
First Solar, Inc.	Qorvo, Inc.
GSI Technology, Inc.	QuickLogic Corporation
Himax Technologies, Inc.	Rambus Inc.
Intel Corporation	SMART Global Holdings, Inc.
Inphi Corporation	Silicon Motion Technology Corporation
JinkoSolar Holding Co., Ltd.	SiTime Corporation
Kopin Corporation	Silicon Laboratories Inc.
SemiLEDs Corporation	Semtech Corporation
Lattice Semiconductor Corporation	SPI Energy Co
Microchip Technology Incorporated	SunPower Corporation
MoSys, Inc.	Sequans Communications S.A.
Monolithic Power Systems, Inc.	Skyworks Solutions, Inc.
Everspin Technologies, Inc.	Synaptics Incorporated
Marvell Technology Group Ltd.	Tower Semiconductor Ltd.
MACOM Technology Solutions Holdings, Inc.	Texas Instruments Incorporated
Micron Technology, Inc.	Summit Wireless Technologies, Inc.
MagnaChip Semiconductor Corporation	Xilinx, Inc.

The Peer Companies may change over the Performance Period as follows:

- In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity will remain a Peer Company, without adjustment to its financial or market structure.
- In the event of a merger of a Peer Company with an entity that is not a Peer Company, or the acquisition or business combination transaction by or with a member of the peer group, or with an entity that is not a Peer Company, in each case, where the Peer Company is the surviving entity and remains publicly traded, the surviving entity will remain a Peer Company.
- In the event of a merger or acquisition or business combination transaction of a Peer Company by or with an entity that is not a Peer Company, a 'going private' transaction involving a Peer Company or the liquidation of a Peer Company, where the Peer Company is not a surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.

Changes to the companies comprising the GICS 45301020 (Semiconductors) not including companies traded on the Pink Sheets LLC Exchange over the Performance Period will not change the Peer Companies for the Performance Share Awards made under this plan.

Beginning Average Price with respect to the Company or any other company in the Peer Group, means the average of the closing stock prices for a share of common stock of the applicable company for the 90 calendar days immediately preceding the first day of the Performance Period. If as of the start of the Performance Period a member of the Peer Group has been publicly traded for less than 90 calendar days, such company's beginning average price shall equal the average of the closing stock prices for a share of common stock of the applicable company over the period during which the company's stock has been publicly traded.

Target Performance

TSR for each of the Peer Companies is calculated and ranked highest to lowest. The Median TSR performance of the Peer Companies is the TSR at which half the Peer Companies' TSR results are below and half the Peer Companies' TSR results are above.

Payout Range

The percentage of earned Performance Share Units that will ultimately vest will range from 0% to 200% based upon the final positioning of the Company's TSR relative to the median of the Peer Companies at the end of the Performance Period. Notwithstanding the foregoing, if the Company's TSR during the Performance Period is negative, the percentage of earned Performance Share Units shall not exceed 100%.

The payout scale below shows the Award vesting percentage at percentile performance points from <25th to 99th at 5 percentile point increments. Final Vesting of Performance Share Awards will be interpolated and will be expressed as a full percentage point ranging from 0% to 200%.

Percentile Performance	Payout
99 th	200%
95 th	190%
90 th	180%
85 th	170%
80 th	160%
75 th	150%
70 th	140%
65 th	130%
60 th	120%
55 th	110%
Median 50%	100%
45 th	90%
40 th	80%
35 th	70%
30 th	60%
25 th	50%
<25 th	0%

Radford PeerTracker

Participants in the Performance Share Award Program can track the K&S and Peer Companies' TSR at <https://peertracker.aon.com/Participant/nl/352/?planid=3589>

The website provides share price data, performance tracking and up-to-date vesting estimates for the Performance Share Awards granted under this Plan.

KULICKE AND SOFFA INDUSTRIES, INC.

2021 OMNIBUS INCENTIVE PLAN

Performance Share Unit Award Agreement

This Performance Share Unit Award Agreement (the "Agreement") dated as of «Date of Grant» (the "Award Date") is between Kulicke and Sofa Industries, Inc. (the "Company") and «First_name» «Last_name» (the "Participant") pursuant to the Kulicke and Sofa Industries, Inc. 2021 Omnibus Incentive Plan (as amended from time to time, the "Plan"). Capitalized terms that are not defined herein shall have the same meanings given to such terms in the Plan.

WHEREAS, the Committee has authorized the grant to the Participant of performance-based Restricted Stock Units (the "Performance Share Units") in accordance with the provisions of the Plan, a copy of which is attached hereto; and

WHEREAS, the Participant and the Company desire to enter into this Agreement to evidence and confirm the grant of such Performance Share Units (the "Award") on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the legal sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Share Units. The Company hereby grants to the Participant an Award of «Relative TSR» Performance Share Units assuming 100% achievement of the Performance Measures, up to a maximum of [] Performance Share Units assuming maximum achievement of the Performance Measures. Upon fulfillment of the requirements set forth below, the Participant shall, except as otherwise provided in this Agreement, have the right to receive one share of Common Stock of the Company ("Share") for each earned Performance Share Unit. This grant is in all respects limited and conditioned as hereinafter provided and is subject in all respects to the terms and conditions of the Plan now in effect and as it may be amended from time to time (but only to the extent that such amendments apply to outstanding awards under the Plan). Such terms and conditions are incorporated herein by reference, made a part hereof, and shall control in the event of any conflict with any other terms of this Agreement.

2. Performance Share Unit Vesting. The performance period for this Award shall commence on «Period Begin Date» and shall end on «Period End Date» (the "Performance Period"). The Award shall be subject to all vesting requirements, including the achievement of Performance Measures, as set forth in Appendix A to this Agreement. Subject to Section 4 below, the Performance Share Units subject to this Award shall be eligible to vest upon the Participant's continued employment through the later of the third anniversary of the grant date or the date of certification by an independent consulting firm appointed by the Company of the achievement of the applicable Performance Measures (such date, the "Vesting Date").

3. Settlement of Vested Performance Share Units. Except as otherwise provided in this Agreement, one Share shall be delivered to the Participant for each vested Performance Share Unit as soon as administratively practicable following the Vesting Date but no later than the fifteenth day of the third month following the end of the calendar year in which the Vesting Date occurs.

4. Termination of Service. Eligibility to vest in the Performance Share Units subject to the Award is also subject to the Participant remaining continuously employed with the Company and its Subsidiaries through the last day of the Performance Period, provided however, if the Participant terminates employment with the Company and its Subsidiaries during the Performance Period due to Retirement (as defined below), Disability (as defined in Section 422(c) of the Code) or death, the Participant (or in the event of death, the Participant's beneficiary) shall be eligible to vest in a pro rata portion of the Performance Share Units subject to the Award that the Participant would otherwise have vested based on the actual achievement of the Performance Measures as determined at the end of the Performance Period had he or she remained employed by the Company and its Subsidiaries through the end of the Performance Period. The pro rata portion will be calculated based on full months as measured from the grant date to the corresponding day of each succeeding month prior to such termination of employment. If the Participant terminates employment with the Company and its Subsidiaries for any other reason, all unvested Performance Share Units at the time of such termination of employment shall be forfeited. For purposes of this Agreement, "Retirement" means a Participant has unilaterally elected to terminate employment with the Company and its Subsidiaries on or after attaining age 50 and completing at least three years of continuous employment with the

Company and/or its Subsidiaries, provided the sum of the Participant's age and years of continuous employment with the Company and/or its Subsidiaries equals or exceeds 60.

In each case, Shares attributable to the prorated Performance Share Units subject to this Award shall be delivered to the Participant as soon as administratively practicable following the Vesting Date but no later than the fifteenth day of the third month following the end of the calendar year in which the Vesting Date occurs.

5. **Adjustment in Capitalization.** In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation – Stock Compensation), the Shares subject to this Award shall be treated as set forth in Section 7.6 of the Plan.

6. **Change in Control.** In the event of a Change in Control, the Award shall be treated as set forth in Section 7.7 of the Plan. Notwithstanding the foregoing, in the event the Participant remains employed by the Company through a Change in Control (or the Award remains eligible for vesting in the event of Retirement that satisfies the conditions of Section 4 above) and the surviving or successor entity does not assume, substitute, or continue the Award, the Participant shall vest in the Performance Share Units immediately prior to the closing of the Change in Control with such vesting based on (i) if the Change in Control is consummated within the first year of the Performance Period, target achievement of the Performance Measures, or (ii) if the Change in Control is consummated after the first year of the Performance Period, actual achievement of the Performance Measures as of the Change in Control, as determined by the Committee. For purposes of clarity, the Performance Share Units shall vest based on the foregoing sentence immediately prior to the closing of the Change in Control rather than at the end of the Performance Period. In the event a Change in Control occurs and the surviving or successor entity agrees to assume this outstanding Award and the Participant is terminated by the Company or the successor entity without Cause within twenty-four (24) months after the Change in Control, then the Award shall vest on such date of termination based on (i) if the date of termination occurs within the first year of the Performance Period, target achievement of the Performance Measures, or (ii) if the date of termination occurs after the first year of the Performance Period, actual achievement of the Performance Measures as of the date of termination, as determined by the Committee.

For purposes hereof, "Cause" shall mean, unless otherwise provided in an employment agreement between the Company and the Participant, a determination by the Company that the Participant was or should have been dismissed as a result of (i) any material breach by the Participant of any agreement between the Participant and the Company; (ii) any material violation by the Participant of any written policy of the Company, including, without limitation, the Company's Code of Business Conduct; (iii) the conviction of, indictment for or plea of nolo contendere by the Participant to a felony or a crime involving moral turpitude; (iv) conduct of the Participant, in connection with Participant's employment or service, that has resulted, or could reasonably be expected to result, in material injury to the business or reputation of the Company; or (v) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Participant of the Participant's duties to the Company.

7. **Restrictions on Transfer.** Performance Share Units may not be sold, assigned, hypothecated, pledged or otherwise transferred or encumbered in any manner except by will or the laws of descent and distribution.

8. **Withholding of Taxes.** The obligation of the Company to deliver Shares or cash shall be subject to applicable Federal, state and local tax withholding requirements. The Committee may require the Participant to remit to the Company an amount sufficient to satisfy the withholding requirements or may, in its discretion, permit or require the Participant, subject to the provisions of the Plan and withholding rules established by the Committee, to satisfy the withholding tax, in whole or in part, by electing to have the Company withhold Shares or cash (or by returning previously acquired Shares to the Company). Such election must be made in compliance with and subject to the withholding rules, and the Company may limit the number of Shares withheld to satisfy the minimum tax withholding requirements to the extent necessary to avoid adverse accounting consequences.

9. **No Rights as a Shareholder.** Until Shares are issued, if at all, in satisfaction of the Company's obligations under this Award, in the time and manner specified above, the Participant shall have no rights as a shareholder with respect to such Shares.

10. **No Right to Continued Employment.** Neither the execution and delivery hereof nor the granting of the Award shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or any of its Subsidiaries to employ or continue the employment of the Participant for any period.

11. **Clawback Rights.** Notwithstanding any other provision of the Plan or this Agreement, this Award is subject to recovery under any law, government regulation or stock exchange listing requirement and will be subject to such deductions and clawback as may be required pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to such law, government regulation or stock exchange listing requirement).

12. Governing Law. The Award and the legal relations between the parties shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (without reference to the principles of conflicts of law).

13. Signature in Counterpart. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.

14. Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the Company or the Participant or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

15. Amendment. This Agreement may not be altered, modified or amended except by a written instrument signed by the Company and the Participant.

16. Sections and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

17. Section 409A. This Award is intended as a short-term deferral, and to not be subject to any tax, penalty, or interest under, Section 409A of the Internal Revenue Code and the regulations promulgated thereunder. This Award, this Agreement and the Plan (as to the Award) shall be construed and interpreted consistent with such intent. To the extent that any amounts payable hereunder are determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A, such amounts shall be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Section 409A, and the settlement of any such amounts may not be accelerated or delayed except to the extent permitted by Section 409A. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Participant in connection with his or her termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Participant is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the termination date (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Participant in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. The Company makes no representation or warranty and shall have no liability to the Participant or any other person if any payments under any provisions of this Agreement are determined to constitute deferred compensation under Section 409A and are subject to the 20 percent tax under Section 409A.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, and the Participant has executed this Agreement in duplicate as of the day and year first above written as the Award Date.

KULICKE AND SOFFA INDUSTRIES, INC.

By: _____
Name: Stephen R. Drake
Title: Vice President, Legal Affairs & General Counsel

By: _____
Participant

Appendix A

The Management Development and Compensation Committee of the Board of Directors have established the following Performance Share Plan terms for performance share unit grants. All Performance Share Award grants are made pursuant to the Kulicke & Soffa Industries 2021 Equity Plan.

Performance Metric: Relative Total Shareholder Return

Performance for the purposes of determining the vesting of the performance share awards will be based on Relative Total Shareholder Return ("TSR"). Relative TSR measures the K&S share price movement over a performance period relative to the share price movement (plus accrued dividends, if appropriate) of peer companies.

$$\text{TSR} = \frac{\text{End of Period Share Price} - \text{Beginning of Period Share Price} + \text{Dividends}}{\text{Beginning of Period Share Price}}$$

Performance Share Awards

The terms of the grant are stated below:

Award Date	<<Award Date>>
Performance Period	<<Performance Begin Date>> to <<Performance End Date>>
Vesting	See Award Agreement. At a high level, cliff vesting upon later of the third anniversary of the award date and certification of achievement of performance goals following the end of the performance period
Peer Companies	Companies of GICS:45301020 (Semiconductors)*
Stock Averaging Period	90 calendar days
Target Performance	Median of the Peer Companies
Payout Range	0% to 200% of rTSR PSUs

* Companies traded on the Pink Sheets LLC Exchange have been excluded from the group of Peer Companies

Peer Companies

The companies of the GICS 45301020 (Semiconductors) not including companies traded on the Pink Sheets LLC Exchange as of the beginning of Performance Period will comprise the Peer Companies for the determination of the Relative TSR results of K&S at vesting.

Analog Devices, Inc.	Maxim Integrated Products, Inc.
Ambarella, Inc.	MaxLinear, Inc.
Advanced Micro Devices, Inc.	NeoPhotonics Corporation
Alpha and Omega Semiconductor Limited	NVIDIA Corporation
Broadcom Inc.	NVE Corporation
Envision Solar International, Inc.	NXP Semiconductors N.V.
CEVA, Inc.	O2Micro International Limited
Cree, Inc.	Universal Display Corporation
Cirrus Logic, Inc.	ON Semiconductor Corporation
Canadian Solar Inc.	Impinj, Inc.
Diodes Incorporated	Power Integrations, Inc.
DSP Group, Inc.	Pixelworks, Inc.

eMagin Corporation	QUALCOMM Incorporated
First Solar, Inc.	Qorvo, Inc.
GSI Technology, Inc.	QuickLogic Corporation
Himax Technologies, Inc.	Rambus Inc.
Intel Corporation	SMART Global Holdings, Inc.
Inphi Corporation	Silicon Motion Technology Corporation
JinkoSolar Holding Co., Ltd.	SiTime Corporation
Kopin Corporation	Silicon Laboratories Inc.
SemiLEDs Corporation	Semtech Corporation
Lattice Semiconductor Corporation	SPI Energy Co
Microchip Technology Incorporated	SunPower Corporation
MoSys, Inc.	Sequans Communications S.A.
Monolithic Power Systems, Inc.	Skyworks Solutions, Inc.
Everspin Technologies, Inc.	Synaptics Incorporated
Marvell Technology Group Ltd.	Tower Semiconductor Ltd.
MACOM Technology Solutions Holdings, Inc.	Texas Instruments Incorporated
Micron Technology, Inc.	Summit Wireless Technologies, Inc.
MagnaChip Semiconductor Corporation	Xilinx, Inc.

The Peer Companies may change over the Performance Period as follows:

- In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity will remain a Peer Company, without adjustment to its financial or market structure.
- In the event of a merger of a Peer Company with an entity that is not a Peer Company, or the acquisition or business combination transaction by or with a member of the peer group, or with an entity that is not a Peer Company, in each case, where the Peer Company is the surviving entity and remains publicly traded, the surviving entity will remain a Peer Company.
- In the event of a merger or acquisition or business combination transaction of a Peer Company by or with an entity that is not a Peer Company, a 'going private' transaction involving a Peer Company or the liquidation of a Peer Company, where the Peer Company is not a surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.

Changes to the companies comprising the GICS 45301020 (Semiconductors) not including companies traded on the Pink Sheets LLC Exchange over the Performance Period will not change the Peer Companies for the Performance Share Awards made under this plan.

Beginning Average Price with respect to the Company or any other company in the Peer Group, means the average of the closing stock prices for a share of common stock of the applicable company for the 90 calendar days immediately preceding the first day of the Performance Period. If as of the start of the Performance Period a member of the Peer Group has been publicly traded for less than 90 calendar days, such company's beginning average price shall equal the average of the closing stock prices for a share of common stock of the applicable company over the period during which the company's stock has been publicly traded.

Target Performance

TSR for each of the Peer Companies is calculated and ranked highest to lowest. The Median TSR performance of the Peer Companies is the TSR at which half the Peer Companies' TSR results are below and half the Peer Companies' TSR results are above.

Payout Range

The percentage of earned Performance Share Units that will ultimately vest will range from 0% to 200% based upon the final positioning of the Company's TSR relative to the median of the Peer Companies at the end of the Performance Period. Notwithstanding the foregoing, if the Company's TSR during the Performance Period is negative, the percentage of earned Performance Share Units shall not exceed 100%.

The payout scale below shows the Award vesting percentage at percentile performance points from <25th to 99th at 5 percentile point increments. Final Vesting of Performance Share Awards will be interpolated and will be expressed as a full percentage point ranging from 0% to 200%.

Percentile Performance	Payout
99 th	200%
95 th	190%
90 th	180%
85 th	170%
80 th	160%
75 th	150%
70 th	140%
65 th	130%
60 th	120%
55 th	110%
Median 50%	100%
45 th	90%
40 th	80%
35 th	70%
30 th	60%
25 th	50%
<25 th	0%

Radford Peer Tracker

Participants in the Performance Share Award Program can track the K&S and Peer Companies' TSR at <https://peertracker.aon.com/Participant/nl/352/?planid=3589>

The website provides share price data, performance tracking and up-to-date vesting estimates for the Performance Share Awards granted under this Plan.

KULICKE AND SOFFA INDUSTRIES, INC.
2021 OMNIBUS INCENTIVE PLAN

Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (the "Agreement") dated as of <<Date of Grant>> (the "Award Date") is between Kulicke and Sofa Industries, Inc. (the "Company") and <<Participant Name>> (the "Participant") pursuant to the Kulicke and Sofa Industries, Inc. 2021 Omnibus Incentive Plan (as amended from time to time, the "Plan"). Capitalized terms that are not defined herein shall have the same meanings given to such terms in the Plan.

WHEREAS, the Committee has authorized the grant to the Participant of Restricted Stock Units in accordance with the provisions of the Plan, a copy of which is attached hereto; and

WHEREAS, the Participant and the Company desire to enter into this Agreement to evidence and confirm the grant of such Restricted Stock Units (the "Award") on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the legal sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. The Company hereby grants to the Participant an Award of <<Awarded>> Restricted Stock Units. Upon fulfillment of the requirements set forth below, the Participant shall have the right to receive one share of Common Stock of the Company ("Share") for each earned Restricted Stock Unit. This grant is in all respects limited and conditioned as hereinafter provided and is subject in all respects to the terms and conditions of the Plan now in effect and as it may be amended from time to time (but only to the extent that such amendments apply to outstanding awards under the Plan). Such terms and conditions are incorporated herein by reference, made a part hereof, and shall control in the event of any conflict with any other terms of this Agreement.
2. Restricted Stock Unit Vesting. The Participant shall vest in the Restricted Stock Units granted under this Agreement (as stated in Paragraph 1) in equal annual installments over a period of three years, one-third on each anniversary of the Award Date, provided the Participant remains continuously employed by the Company through each vesting date.
3. Delivery of Shares upon Vesting. For each vested Restricted Stock Unit, one Share shall be delivered to the Participant as soon as administratively practicable following the vesting date, but no later than the fifteenth day of the third month following the end of the calendar year in which such vesting date occurs.
4. Termination of Service. If the Participant terminates employment with the Company and its Subsidiaries for any reason (including death and Disability (as defined in Section 422(c) of the Code)), all unvested Restricted Stock Units at the time of such termination of employment shall be forfeited.
5. Adjustment in Capitalization. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation – Stock Compensation), the Shares subject to this Award shall be treated as set forth in Section 7.6 of the Plan.
6. Change in Control. In the event of a Change in Control, the Award shall be treated as set forth in Section 7.7 of the Plan. Notwithstanding any other provisions of this Agreement, in the event a Change in Control (as defined in the Plan) occurs and the surviving or successor entity does not agree to assume the Restricted Stock Unit Award, Shares covered by the Restricted Stock Unit Award not previously forfeited shall become fully vested and such Shares shall be delivered to the Participant. In the event a Change in Control occurs and the surviving or successor entity agrees to assume this outstanding Award and the Participant is terminated by the Company or the successor entity without Cause within twenty-four (24) months after the Change in Control, then as of the date of such termination of employment, Shares covered by the Restricted Stock Unit Award not previously forfeited shall become fully vested and such Shares shall be delivered to the Participant.

For purposes hereof, "Cause" shall mean, unless otherwise provided in an employment agreement between the Company and the Participant, a determination by the Company that the Participant was or should have been dismissed as a result of (i) any material breach by the Participant of any agreement between the Participant and the Company; (ii) any material violation by the Participant of any written policy of the Company, including, without limitation, the Company's Code of Business Conduct; (iii) the conviction of, indictment for or plea of nolo contendere by the Participant to a felony or a crime involving moral turpitude; (iv) conduct of the Participant, in connection with Participant's employment or service, that has resulted, or could reasonably be expected to result, in material injury to the business or reputation of the Company; or (v) any material misconduct or willful and deliberate non-performance (other than by reason of disability) by the Participant of the Participant's duties to the Company.

7. Restrictions on Transfer. Restricted Stock Units may not be sold, assigned, hypothecated, pledged or otherwise transferred or encumbered in any manner except by will or the laws of descent and distribution.
8. Withholding of Taxes. The obligation of the Company to deliver Shares or cash shall be subject to applicable Federal, state and local tax withholding requirements. The Committee may require the Participant to remit to the Company an amount sufficient to satisfy the withholding requirements or may, in its discretion, permit or require the Participant, subject to the provisions of the Plan and withholding rules established by the Committee, to satisfy the withholding tax, in whole or in part, by electing to have the Company withhold Shares or cash (or by returning previously acquired Shares to the Company). Such election must be made in compliance with and subject to the withholding rules, and the Company may limit the number of Shares withheld to satisfy the minimum tax withholding requirements to the extent necessary to avoid adverse accounting consequences.
9. No Rights as a Shareholder. Until Shares are issued, if at all, in satisfaction of the Company's obligations under this Award, in the time and manner specified above, the Participant shall have no rights as a shareholder with respect to such Shares.
10. No Right to Continued Employment. Neither the execution and delivery hereof nor the granting of the Award shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or any of its Subsidiaries to employ or continue the employment of the Participant for any period.
11. Governing Law. The Award and the legal relations between the parties shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (without reference to the principles of conflicts of law).
12. Signature in Counterpart. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.
13. Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the Company or the Participant or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.
14. Amendment. This Agreement may not be altered, modified or amended except by a written instrument signed by the Company and the Participant.
15. Sections and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, and the Participant has executed this Agreement in duplicate as of the day and year first above written as the Award Date.

KULICKE AND SOFFA INDUSTRIES, INC.

By: _____
Name: Stephen R. Drake
Title: Vice President, Legal Affairs & General Counsel

By: _____
Participant



**Incentive Compensation Plan
("ICP")**

**Effective October 2, 2022
(Commencing Fiscal Year 2023)**

Company
Confidential

KULICKE AND SOFFA INDUSTRIES, INC.

INCENTIVE COMPENSATION PLAN

Purpose

The purpose of the Kulicke and Soffa Industries, Inc. (“Company” or “K&S”) Incentive Compensation Plan (“Plan” or “ICP”) is to:

- focus the efforts of Plan participants to achieve financial goals and individual objectives and maximize personal performance consistent with the Company’s business strategy
- provide Plan participants with the opportunity to earn an annual ICP award based on Corporate and Business Unit (“BU”) (if appropriate) financial performance and individual performance
- align the interests of our employees and K&S shareholders by providing awards that are commensurate with business performance

Effective Date

This Plan document is effective beginning fiscal 2023, commencing on October 2, 2022. This Plan document and its attachments constitute the entire ICP and supersede any other oral or written agreements dated prior to the effective date. The Plan year is aligned to the K&S fiscal Plan year.

Plan Governance

The Management Development and Compensation Committee (“MDCC”) of the Board of Directors is responsible for reviewing the overall performance and funding of the Company’s incentive plans. Specifically, the MDCC is responsible for:

- determining the criteria and mechanism for funding the Plan
- determining the suspension or reduction of aggregate ICP awards due to current or projected business performance
- determining the primary financial performance metrics
- approving any adjustments to Corporate or BU performance for transition, start-up, or other extraordinary costs and circumstances
- approving the aggregate annual award amounts
- approving all objectives, weightings, targets and payouts to individual Executive Officers
- approving any discretionary adjustments to ICP awards
- delegating routine Plan administration responsibilities to Company management

Company management’s responsibilities include:

- providing summary information and analysis to the MDCC on an annual basis and presenting the aggregate pool for review and approval by the MDCC
- facilitating the collection of financial and individual performance results and award recommendations
- recommending and enforcing eligibility and administration rules, individual ICP target assignments, and the relative performance weightings of Company, BU, and individual performance
- recommending financial performance metrics and funding scales (including threshold, target and maximum performance) for Company and BU awards
- coordinating financial planning and accruals as necessary
- reviewing and verifying all proposed awards before such awards are made
- determining suspension or reduction of non-Executive Officer individual ICP awards due to performance
- counseling the MDCC on the determination of suspension or reduction of aggregate ICP awards due to current or projected business performance
- determining the extent to which internal transfers, promotions, changes in full-or-part-time status and approved leaves of absence impact accruals, targets and actual awards
- interpreting this ICP document and establishing, adopting, or amending any provisions as are necessary for proper administration, consulting where appropriate with the MDCC

Plan Funding

Funding of the Plan is based on two metrics: Corporate Net Income ("NI") and Corporate Operating Margin ("OM").

Funding Scales

The Plan has funding scales for Corporate NI and Corporate OM. Each scale correlates performance results to funding percentages from threshold, to target, to maximum performance. The average of the Corporate NI and Corporate OM funding percentages equals the Corporate Financial Payout which generates the ICP pool. The funding percentages range from zero to 200% of the target according to the Plan funding schedule.

Corporate NI and Corporate OM funding scales are reviewed and approved by the MDCC on an annual basis. Sample funding scales are shown in Appendix 1.

Threshold Performance

Minimum funding for the Plan requires achievement of threshold Corporate NI and Corporate OM performance. If only one of the two thresholds is achieved, funding will be based on the funding scale for the metric that achieved threshold, and only up to 50% of the Plan will be funded. If neither of the two thresholds is achieved, the Plan will not fund and there will not be a payout. Corporate NI and Corporate OM thresholds are reviewed and approved by the MDCC on an annual basis.

Eligibility

To be eligible for payment from the ICP an employee must be:

- classified as regular full-time or regular part-time;
- in a Professional, Management or Executive level position (grade levels P1-P7, M1-M6, E1-E5);
- active on the Company payroll at the start of the fiscal year and
- active on the Company payroll on the last working day of the fiscal year (also see *Plan Administration* section for new hire or job change eligibility).

Other Incentive Plans

Participants in the ICP will not be eligible to participate concurrently in any other Company provided incentive or sales compensation program (i.e. Sales Incentive Plan ("SIP")). Employees in locations with bonus months normally paid in addition to the standard 12-month payroll or with non-Company-wide bonus plans (i.e. production bonus) will not be excluded from the SS Plan because of those situations.

Performance Measures, Performance Components and Award Calculations

The performance measurement period is the full fiscal year and payout will be based on full fiscal year financial results (defined below) annually.

Performance Measures

There are four performance measures to determine a participant's annual award.

- **Corporate Net Income** at the close of the fiscal year
- **Corporate Operating Margin** at the close of the fiscal year
- **Business Unit Scorecard** at the close of the fiscal year
 - BU Scorecards are set on an annual basis by a Scorecard Committee consisting of the CEO, CFO, and the BU Heads
 - The BU Scorecard metrics consist of financial components (BU Revenue and BU Direct Operating Margin) and non-financial components deemed important to drive sustainable success in the marketplace such as research and development, market share and customer penetration, and quality goals
- **Individual Performance** based on the employee's Performance Rating on a scale of 1-5

For participants in Corporate roles, the financial performance measures consist of Corporate NI and Corporate OM, each weighted 50%.

For participants in BU roles, the financial measures consist of Corporate Financial Performance and the BU Scorecard results.

- If a participant's role involves working with two BUs that participant may have a split BU in which the BU Scorecard result for each will be used. In a split BU one of the BUs must be allocated at least 20% of the full BU component weighting. Allocation of split BUs must be in increments of 10%.

Performance Components

Two performance components are used to calculate awards, the financial component and the individual component. The weightings of each component are based on the participant's grade level, and whether the participant is in a Corporate or BU position.

Note: For the Executive Leadership Team ("ELT") the calculation of awards is based on Corporate Financial Performance only.

Weighting of Financial Performance Measures - For Participants in Corporate Positions				
Career Level	Salary Grade	Financial		Individual
		Corp NI	Corp OM	
VP Below ELT	E1	37.5%	37.5%	25.0%
Directors	M5-M6	30.0%	30.0%	40.0%
Management	M1-M4	25.0%	25.0%	50.0%
Professional	P1-P7	20.0%	20.0%	60.0%

Weighting of Financial Performance Measures - For Participants Associated With a BU					
Career Level	Salary Grade	Financial			Individual
		Corp NI	Corp OM	BU Scorecard	
VP Below ELT	E1	25.0%	25.0%	35.0%	15.0%
Directors	M5-M6	20.0%	20.0%	30.0%	30.0%
Management	M1-M4	15.0%	15.0%	20.0%	50.0%
Professional	P1-P7	12.0%	12.0%	16.0%	60.0%

Individual Component

The ICP Individual Component award pool is calculated as the sum of all participants' individual ICP target multiplied by the individual component weighting modified by the Corporate Financial Performance. Managers will allocate the individual component for each participant based on the available pool and considering the participant's individual performance rating.

Incentive Target

Participant's ICP target is based on a percentage of the employee's annual base salary. Targets are determined for each grade level based on market competitive practice. Targets for the ELT are individually market priced. The ICP target structure is shown in Appendix 2.

Individual awards can range from 0% to 200% of the target incentive (capped at 200% of target incentive).

Calculation Methodology

Corporate NI, Corporate OM and BU Scorecard performance measures are based on actual achievement against targets according to the funding scale.

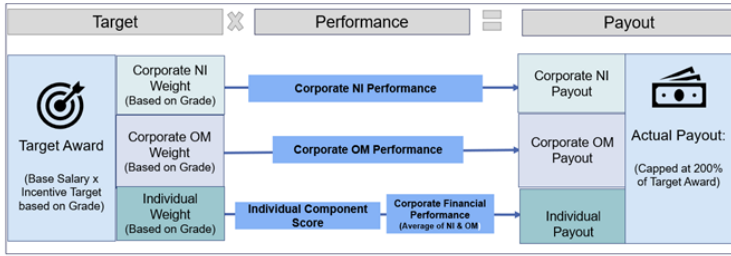
Corporate Financial Payout is calculated as the average of the Corporate NI payout funding and Corporate OM payout funding. The maximum Corporate Financial Payout is 200%.

Individual Component Payout is modified by the Corporate Financial Payout.

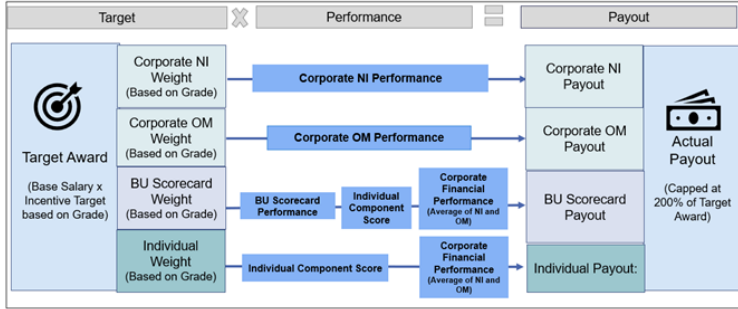
BU Scorecard Payout is modified by the Corporate Financial Payout and the Individual Component Payout.

Calculation of Awards

Calculation of ICP Award for Corporate Positions



Calculation of ICP Award for Business Unit ("BU") Positions



Sample Calculations are shown in Appendix 3.

Payment Form and Timing

All awards will be paid in cash (via check or direct deposit), subject to all tax and withholding under applicable country laws and regulations, and Company policy in effect at the time.

Timing of awards payout is subject to the timing of the MDCC meetings, during which awards are approved, and the timing of payroll processing. Payments (if any) will be made as soon as administratively practicable after approval.

Dispute Resolution

With exception of the ELT, the CEO and Vice President of Human Resources shall have complete discretion concerning the determination of ICP awards under the Plan, and the decision of the CEO shall be final and conclusive. Any disputes regarding ICP eligibility or an award must be communicated in writing to the Vice President of Human Resources within thirty (30) days from the date an ICP award would otherwise have been paid with respect to that fiscal year.

Other Important Details

- The Incentive Compensation Plan may be amended, suspended, terminated or reinstated at any time with the approval of the MDCC.
- Participant's Base Salary will remain the basis for life insurance, accidental death and disability and long and short-term disability and the like.
- As a condition of receiving benefits under the Plan, all Participants agree to respect the confidentiality of K&S's financial and other business critical information.
- This Plan will be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania, without reference to principles of conflicts of law, as to all matters, including, but not limited to, matters of validity, construction and performance.
- The Plan shall be administered in accordance with Section 409(A) of the Internal Revenue Code of 1986, as amended ("Code").
- Participants may not sell, assign, transfer, pledge or encumber any expectation of or right to an award under this Plan and any attempt to do so shall be void.
- K&S is an at-will employer. Participation in the Plan or any enhancement of the Plan does not impact this fact in any way.
- Inclusion in this Plan does not constitute a guarantee of employment or specific earnings.
- Nothing in this Plan shall act as an expressed or implied contract, a guarantee or commitment for an employee to be or to continue to be a Participant in the Plan, to receive payments under the Plan, or to be retained in the employment of K&S.

Definitions

This list is intended to provide definitions for most business terms used in this Plan Document but may not be all inclusive of terms used.

Award or Incentive Award – the incentive payment made to a participant under this Plan, which is based on the achievement of Corporate, Business Unit and Individual Performance Goals and the participant's Incentive Target

Base Salary – the annualized rate of base salary compensation paid to a participant

Board of Directors – the Board of Directors of Kulicke and Soffa Industries, Inc.

Business Unit Direct Operating Margin ("BU DOM") – Direct Operating Profit / Revenue (in %) (Excluding corporate service and shared expense charges)

Company – Kulicke and Soffa Industries, Inc., its subsidiaries, and any successor thereto

Executive Leadership Team ("ELT") – the executive team of the Company including the CEO, and direct reports to the CEO

Executive Officer – An individual designation by the Kulicke and Soffa Industries, Inc. Board of Directors as an Officer of the Company

Fiscal Year – the business year as defined by finance

Incentive Target – the percentage of a participant's base salary established as the basis for his or her ICP award. The actual ICP award, if any, may equal, exceed, or fall below the ICP target based on Corporate, Business Unit and Individual performance

Management Development and Compensation Committee ("MDCC") – the committee of the Board of Directors accountable for aspects of the Plan

Net Income ("NI") – Revenue less expenses, interest and taxes. The MDCC has the authority to exclude any unusual or extraordinary items from the calculation

Operating Margin ("OM") - Operating Income / Revenue (in %)

Participant – an employee of Kulicke and Soffa Industries Inc. who is eligible to participate in the Plan

Plan – this Kulicke and Soffa Industries Inc. Incentive Compensation Plan ("ICP")

Plan Year – the fiscal year of the Company

Reduction in Force – involuntary termination due to a K&S reorganization or cost containment measures

Retirement – termination of a regular full-time or part-time employee who is at least 50 years of age, has at least 3 years of service, and age and service equal at least 60

Sales Incentive Plan ("SIP") - an incentive plan of the Company, different from this Plan, intended to motivate certain sales employees to achieve defined sales objectives

Success Shares Plan – an incentive plan of the Company, different from this Plan, intended to motivate participants (see Appendix 2) to support Company objectives by sharing in the financial success of the Company

Plan Administration

Treatment of eligibility or calculation of award based on changes to a participant's job or employment status.

New Hires	
Hire Date	Proration of ICP Payout
During the fiscal year before the start of 4 th fiscal quarter (October – June)	Proration based on number of calendar days from date of hire to end of fiscal year
During 4 th fiscal quarter (July – September)	Not eligible

Terminations During the Fiscal Year	
Reason for Termination	Treatment
Voluntary termination	Not eligible for payout
Involuntary termination due to retirement, death, permanent disability, or a reduction in force	Eligible for prorated payout based on number of full months completed in the fiscal year divided by 12 <i>Example: Termination occurs in mid-August. Number of completed months during fiscal year = 10 (October through July). Eligible for 10/12 pro-rata payout</i> Payout will be based on participant's ICP target at 100% <i>Assumes 100% Corporate/BU financial performance and individual results scored at 100%). Paid at termination</i>
Involuntary termination for cause / performance issues	Not eligible for payout

Leaves	
Type of Leave	Treatment
Annual leave / vacation and government mandated military leave	No proration
All other leaves	No proration if accumulated number of leave days is less than 6 work weeks during fiscal year If accumulated number of leave days is equal to or greater than 6 work weeks during fiscal year, the participant's award is prorated based on the number of calendar days worked (not on leave) in the fiscal year

Plan Administration (continued)

Promotions, Salary Change, Job Code Change		
Circumstance	Transition / Change Date	Treatment
Participant has a job change which affects salary or ICP target	Anytime during the fiscal year	ICP award is prorated based on the number of calendar days worked in the fiscal year in each different salary and/or ICP target, based on transition/change date. <i>Example: Participant moves from a job with 8% target incentive at 40,000 salary to 10% target incentive at 50,000 salary July 1 (fiscal 2H)</i> <i>1st half: 8% x 40,000 x 50% + 10% x 50,000 x 50</i>

ICP BU / ICP BU Split Changes	
Transition Date	Treatment
Anytime during fiscal year	A proration based on the number of calendar days spent in each BU/BU split will be calculated and the appropriate weighting applied to the BU Scorecard component based on the BU scorecard achievement at the end of the year <i>Example: Participant has BU split of 60/40 BB/WB at the beginning of the fiscal year and moves to BU split of 60/40 WB/Blades at the beginning of the fiscal 2H</i> <i>1st half: BB: 60% of 50% = 30% + WB: 40% of 50% = 20%</i> <i>plus</i> <i>2nd half: WB: 60% of 50% (2H) = 30% + Blades: 40% of 50% (2H)= 20%</i>

Transition to ICP from Success Share (SS) Plan	
Transition Date	Treatment
Anytime during fiscal year	Participant's SS award is prorated based on the number of calendar days worked in the fiscal quarter during which the participant is in the SS Plan, based on transition date Participant's ICP award is prorated based on the number of calendar days worked in the fiscal year during which the participant is in the ICP, based on transition date. <i>Example: Participant transitions from SS to ICP February 1</i> <i>Eligible for prorated 2Q SS payment for January 1 to January 31</i> <i>Eligible for ICP from February 1 thru end of fiscal year</i>

Plan Administration (continued)

Transition To and From SIP	
Transition Date	Treatment
Anytime during fiscal year	<p>Participant will be eligible for prorated payouts for each of the plans based on transition date. SIP payment eligibility begins or ends with transition date. Participant's ICP award is prorated based on the number of calendar days worked in the fiscal year during the period for which the participant is in the ICP, based on transition date</p> <p><i>Example: Transition date of February 1 from SIP to ICP Eligible for quarterly SIP payment for Q2 up to January 31 Participant will not be eligible for any credited sales after transition date from SIP</i></p> <p><i>Example: Transition date of February 1 from ICP to SIP Eligible for pro-rated ICP payout from October through January 31 Eligible for quarterly SIP payment for Q2 for any sales payments from February 1</i></p>

Cross Country Transfers		
Circumstance	Transition / Change Date	Treatment
Participant moves from one country and localized in another country	Anytime during the fiscal year	<p>Payout will be prorated based on transition date based on the target incentive and salary at the time of the transition and the target incentive and salary at the end of the fiscal year. The total ICP payment will be made in the local currency at the end of the fiscal year.</p> <p>The prorated ICP payment prior to the Transition date will be converted to local currency based on the exchange rate at the end of the fiscal year.</p>

In all cases, eligibility for any prorated award is contingent on meeting all other conditions and requirements of the Plan.

Appendix 1

FY23 Quarterly Corporate Net Income Funding Scale*

FY23		
	NI (\$M USD)	ICP Funding
Maximum	357.614	200%
	314.059	175%
	270.503	150%
	226.950	125%
Target	183.392	100%
	140.604	75%
	97.815	50%
Threshold	55.018	25%

*Net Income results are weighted 50% of overall Corporate Performance Measure. Interpolation will be applied between each of the discreet points in the scale.

The Net Income target will be periodically reviewed and may be adjusted in future fiscal years based on K&S and peer company performance.

FY23 Corporate Operating Margin Funding Scale*

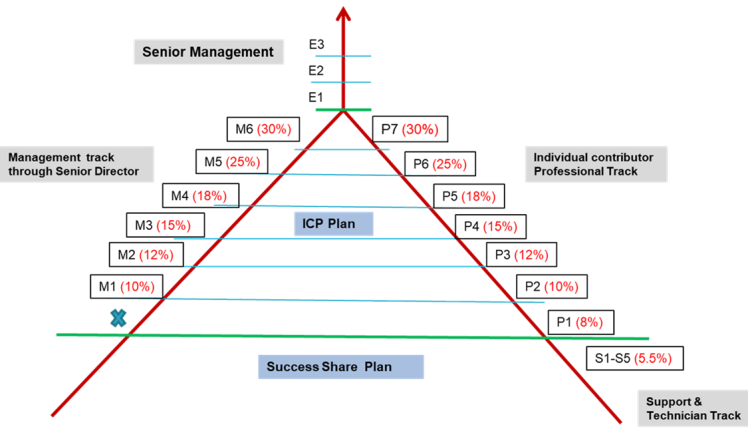
	OM	ICP Funding
Maximum	33.83%	200%
	29.71%	175%
	25.59%	150%
	21.47%	125%
Target	17.35%	100%
	13.30%	75%
	9.25%	50%
Threshold	5.21%	25%

*Operating Margin % results are weighted 50% of the overall Corporate Financial Performance Measure. Interpolation will be applied between each of the discreet points in the scale.

Operating Margin targets will be reviewed annually, and are determined based on K&S and peer company performance

Appendix 2

Incentive Target Structure

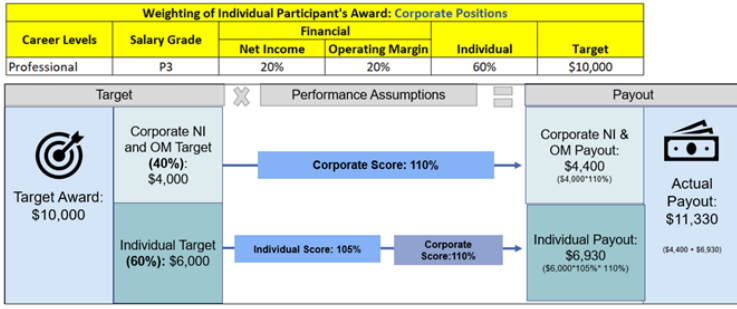


Appendix 3

Sample ICP Payment Calculations

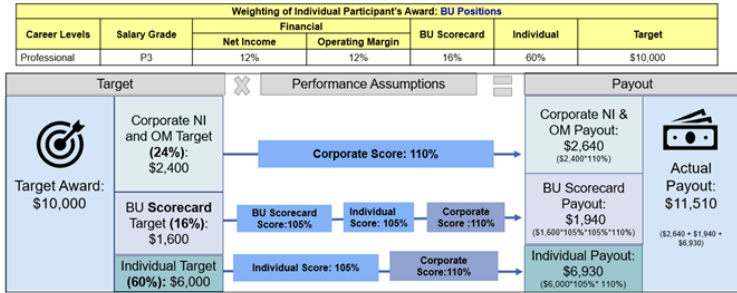
Sample Calculation for a Corporate Position

• ICP payment of a P3-level Corporate position with a target of \$10,000: -



Sample Calculation for a BU Position

• ICP payment of a P3-level BU position with a target of \$10,000: -



KULICKE AND SOFFA INDUSTRIES, INC.
CLAWBACK POLICY

Adopted as of October 12, 2023

Kulicke and Soffa Industries, Inc. (the “**Company**”) has adopted this clawback policy (the “**Policy**”) as a supplement to any other clawback policies in effect now or in the future at the Company. To the extent this Policy applies to compensation payable to a person covered by this Policy, it shall be the only clawback policy applicable to such compensation and no other clawback policy shall apply; provided that, if such other policy provides that a greater amount of such compensation shall be subject to clawback, such other policy shall apply to the amount in excess of the amount subject to clawback under this policy. This Policy shall be interpreted to comply with the rules issued by the United States Securities and Exchange Commission (the “**SEC**”) under the Securities Exchange Act of 1934 (the “**Exchange Act**”) and the Nasdaq Stock Market (“**Exchange**”), and, to the extent this Policy is any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

1. Definitions. 17 C.F.R. §240.10D-1(d) of the Exchange Act defines the terms “Executive Officer,” “Financial Reporting Measure,” “Incentive-Based Compensation,” and “Received.” As used herein, these terms shall have the same meaning as in that regulation.

2. Application of the Policy. This Policy shall only apply in the event that the Company is required to prepare a Material Financial Restatement (as defined below). In the event the Company is required to prepare a Material Financial Restatement, the Company shall reasonably promptly recover all Erroneously Awarded Compensation (as defined below) with respect to such Material Financial Restatement, and each Executive Officer shall be required to take all actions necessary to enable such recovery. “**Material Financial Restatement**” means an accounting restatement of previously issued financial statements of the Company due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously-issued financial statements that is material to the previously-issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

3. Recovery Period. The Incentive-Based Compensation subject to clawback is the Incentive-Based Compensation Received during the three completed fiscal years immediately preceding the Restatement Date (as defined below), provided that the person served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question. “**Restatement Date**” means, with respect to a Material Financial Restatement, the earlier to occur of: (i) the date the Company’s board of directors (the “**Board**”) or the Audit Committee of the Board concludes, or reasonably should have concluded, that the Company is required to prepare the Material Financial Restatement; or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare the Material Financial Restatement. See 17 C.F.R. §240.10D-1(b)(1)(i) of the Exchange Act for certain circumstances under which the Policy will apply to Incentive-Based Compensation received during a transition period arising due to a change in the Company’s fiscal year.

4. Erroneously Awarded Compensation. The amount of Incentive-Based Compensation subject to the Policy (“**Erroneously Awarded Compensation**”) is the amount of Incentive-Based Compensation Received on or after the Effective Date (as defined below) during the applicable three-year recovery period that exceeds the amount of Incentive Based-Compensation that otherwise would have been Received had it been determined based on the restated amounts and shall be computed without regard to any taxes paid. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:

- A. the amount shall be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and
- B. the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange in accordance with the Applicable Rules (as defined below). “**Applicable Rules**” means any rules or regulations adopted by the Exchange pursuant to Rule 10D-1 under the Exchange Act and any applicable rules or regulations adopted by the SEC pursuant to Section 10D of the Exchange Act.

5. Method of Compensation Recovery. The Management Development & Compensation Committee of the Board (the “Committee”) shall determine, in its sole discretion, the method for recovering Erroneously Awarded Compensation hereunder, which may include, without limitation, any one or more of the following:

- A. requiring reimbursement of cash Incentive-Based Compensation previously paid;
- B. seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards;
- C. cancelling or rescinding some or all outstanding vested or unvested equity-based awards;
- D. adjusting or withholding from unpaid compensation or other set-off;
- E. cancelling or setting-off against planned future grants of equity-based awards; and/or
- F. any other method permitted by applicable law or contract.

Notwithstanding the foregoing, an Executive Officer will be deemed to have satisfied such person’s obligation to return Erroneously Awarded Compensation to the Company if such Erroneously Awarded Compensation is returned in the exact same form in which it was received; provided that equity withheld to satisfy tax obligations will be deemed to have been received in cash in an amount equal to the tax withholding payment made.

6. Limited Exceptions. The Company shall recover reasonably promptly any Erroneously Awarded Compensation except to the extent that the conditions of paragraphs 6(A), 6(B), or 6(C) below apply. The Committee shall determine the repayment schedule for each amount of Erroneously Awarded Compensation in a manner that complies with this “reasonably promptly” requirement. Such determination shall be consistent with any applicable legal guidance, by the SEC, judicial opinion, or otherwise. The determination of “reasonably promptly” may vary from case to case and the Committee is authorized to adopt additional rules to further describe what repayment schedules satisfy this requirement.

- A. an Erroneously Awarded Compensation need not be recovered if the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered and the Committee has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange;
- B. an Erroneously Awarded Compensation need not be recovered if recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company shall obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation and shall provide such opinion to the Exchange; or
- C. an Erroneously Awarded Compensation need not be recovered if recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

7. Policy Interpretation. This Policy shall be interpreted in a manner that is consistent with the Applicable Rules and any other applicable law and shall otherwise be interpreted (including in the determination of amounts recoverable) in the business judgment of the Committee. The Committee shall take into consideration any applicable interpretations and guidance of the SEC in interpreting this Policy, including, for example, in determining whether a financial restatement qualifies as a Material Financial Restatement hereunder. To the extent the Applicable Rules require recovery of Incentive-Based Compensation in additional circumstances besides those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Incentive-Based Compensation to the fullest extent required by the Applicable Rules. This Policy shall be deemed to be automatically amended, as of the date the Applicable Rules become effective with respect to the Company, to the extent required for this Policy to comply with the Applicable Rules.

8. Policy Administration. This Policy shall be administered by the Committee. The Committee shall have such powers and authorities related to the administration of this Policy as are consistent with the governing documents of the Company and the applicable law. The Committee shall have full power and authority to take, or direct the taking of, all actions and to make all determinations required or provided for under this Policy and shall have full power and authority to take, or direct the taking of, all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of this Policy that the Committee deems to be necessary or appropriate to the administration of this Policy. The interpretation and construction by the Committee of any provision of this Policy and all determinations made by the Committee under this policy shall be final, binding and conclusive.

9. No Indemnification. Notwithstanding anything to the contrary in any other policy of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss of any Erroneously Awarded Compensation and, to the extent any such agreement purports to provide otherwise, the Executive Officer hereby irrevocably agrees to forego such indemnification.

10. Tax Consideration. To the extent that, pursuant to this Policy, the Company is entitled to recover any Erroneously Awarded Compensation that is received by a Covered Person, the gross amount received (i.e., the amount the Covered Person received, or was entitled to receive, before any deductions for tax withholding or other payments) shall be returned by the Covered Person.

11. Agreement to Policy by Executive Officers. The Committee shall take reasonable steps to inform Executive Officers of this Policy and obtain their agreement to this Policy, which steps may constitute the inclusion of this Policy as an attachment to any award that is accepted by the Executive Officer.

“Effective Date” of the Policy is October 2, 2023.

KULICKE AND SOFFA INDUSTRIES, INC.
INSIDER TRADING POLICY

A. INTRODUCTION

This insider trading policy (this “**Policy**”) is designed to prevent the misuse of material nonpublic information, insider trading in securities, the appearance of impropriety, and the severe consequences associated with violations of insider trading laws. It is intended to help personnel of Kulicke and Soffa Industries, Inc. (together with its subsidiaries, collectively, the “**Company**”) comply with the applicable insider trading laws.

Trading on the basis of material nonpublic information, or disclosing that information, creates an unfair advantage over investors who do not have access to that information. To protect the investing public from this unfair advantage, the U.S. securities laws generally prohibit Company personnel and certain others having material nonpublic information regarding the Company from trading in Company securities or from selectively disclosing or “tipping” such information to others.

It is your obligation to fully review, understand and comply with this Policy. Even the appearance of insider trading can lead to government investigations or lawsuits that are time-consuming, expensive and can lead to criminal and civil liability, including damages and fines, imprisonment, and bars on serving as an officer or director of a public company, not to mention irreparable damage to both your and the Company’s reputation. Remember, anyone scrutinizing your transactions will be doing so after the fact, with the benefit of hindsight. As a practical matter, before engaging in any transaction, you should carefully consider how enforcement authorities and others might view the transaction in hindsight.

This Policy shall be administered by the Company’s General Counsel. The General Counsel may designate others from time-to-time to assist with the execution of the General Counsel’s duties under this Policy.

B. REQUIREMENTS

1. Persons Covered by this Policy.

This Policy applies to you if you are a director, officer, employee or contractor of the Company, both inside and outside of the United States (collectively, “**Insiders**”).

To the extent applicable to you, this Policy also applies to the following persons (“**Affiliates**”):

- a. your “Family Members” (“**Family Members**” are (i) your spouse or domestic partner, children, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws who reside in the same household as you, (ii) your children or your spouse’s children who do not reside in the same household as you but are financially dependent on you, (iii) any of your other family members who do not reside in your household but whose transactions are directed by you, and (iv) any other individual over whose account you have control and to whose financial support you materially contribute);
- b. all trusts, family partnerships and other types of entities formed for your benefit or for the benefit of a member of your family and over which you have the ability to influence or direct investment decisions concerning securities;
- c. all persons who execute trades on your behalf; and
- d. all investment funds, trusts, retirement plans, partnerships, corporations and other types of entities over which you have the ability to influence or direct investment decisions concerning securities; provided, however, that the trading restrictions set forth in this Policy do not apply to any such entity that engages in the investment of securities in the ordinary course of its business (e.g., an investment fund or partnership) if the entity has established its own insider trading controls and procedures in compliance with applicable securities laws.

You are responsible for making sure that your Affiliates comply with this Policy.

This Policy continues to apply even if you leave the Company or are otherwise no longer affiliated with or providing services to the Company, for as long as you remain in possession of material nonpublic information. Directors, officers or employees of the Company who terminate their service or employment during a Blackout Period (as defined below) continue to be restricted from trading in Company securities until two (2) business days following the termination of the Blackout Period.

2. No Trading on Material Nonpublic Information

It is illegal for anyone to engage in insider trading. “**Insider trading**” is (i) trading (i.e. buying or selling) the securities of a company whether for your account or for the account of another, while in the possession of “material nonpublic information” (as defined below) about that company, or (ii) disclosing material nonpublic information about a company to others who may trade on the basis of that information. If you or your Affiliates are in possession of material nonpublic information about the Company, you and your Affiliates are prohibited from doing the following:

- a. using it to transact in securities of the Company, which include common stock, options to purchase common stock, any other type of securities that the Company may issue (such as preferred stock, convertible debentures, warrants and exchange-traded options), and any derivative securities that provide the economic equivalent of ownership of any the Company’s securities or an opportunity, direct or indirect, to profit from any change in the value of the Company’s securities, except for trades made pursuant to plans approved by the General Counsel in accordance with this policy that are intended to comply with Rule 10b5-1 under the Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”) (see Section F (10b5-1 Trading Plans));
- b. disclosing it to other directors, officers, employees, consultants, contractors, agents or other service providers whose roles do not require them to have the information;
- c. disclosing it to anyone outside of the Company, including family, friends, business associates, investors or consulting firms, without prior written authorization from the General Counsel; and/ or
- d. using it to express an opinion or make a recommendation about trading in the Company’s securities.

In addition, material nonpublic information about another company that you learn through your job at the Company is subject to these same restrictions around disclosure and trading. If you are in possession of material nonpublic information about the Company’s suppliers, customers, competitors or a target company that is potentially subject of an acquisition, joint venture or any other form of business collaboration involving the Company, you and your Affiliates cannot use that information to trade securities of that company, give trading advice about that company, tip or disclose that information, pass that information on to others, or engage in any other action to take advantage of that information. Any such action will be deemed a violation of this Policy.

If your work regularly involves handling or discussing confidential information of one of our partners, suppliers or customers, you should consult with the General Counsel before trading in any of that company’s securities.

3. No Disclosure of Confidential Information.

You may not at any time disclose material nonpublic information about the Company or about another company that you obtained in connection with your service with the Company to friends, family members or any other person or entity that the Company has not authorized to know such information. In addition, you must handle the confidential information of others in accordance with any related non-disclosure agreements and other obligations that the Company has with them and limit your use of the confidential information to the purpose for which it was disclosed.

The fact that the Company has imposed a Special Blackout Period (as defined below) is always deemed confidential information. All Insiders are prohibited from disclosing to anyone that the Company has imposed a Special Blackout Period.

Third parties may ask you for information concerning the Company. You must not discuss internal matters with, or disseminate internal information to, anyone outside of the Company, except as required in the performance of their duties with the Company and, if appropriate, after a confidentiality agreement is in place. This prohibition applies particularly to inquiries concerning the Company from the media, market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and security holders. All responses to inquiries on behalf of the Company must be made only by the Company’s authorized spokespersons in line with the “Corporate Communications” section set out in the Company’s Code of Business Conduct.

4. Definition of Material Nonpublic Information

This Policy prohibits you from trading in a company's securities if you are in possession of information about the company that is both "material" and "nonpublic." If you have a question whether certain information you are aware of is material or has been made public, you should consult with the General Counsel.

"**Material information**" means information that a reasonable investor would be substantially likely to consider important in deciding whether to buy, hold or sell securities of a company or view as significantly altering the total mix of information available in the marketplace about a company as an issuer of the securities. In general, any information (whether positive or negative) that could reasonably be expected to affect the market price of a security is likely to be material. It is not possible to define all categories of material information.

However, some examples of information that could be regarded as material include, but are not limited to:

- a. financial results, key metrics, financial condition, earnings pre-announcements, guidance, projections or forecasts;
- b. earnings or revenue that are inconsistent with the consensus expectations of the investment community;
- c. actual or potential restatements of financial results, or material impairments, write-offs or restructurings;
- d. changes in independent auditors, or notification that a company may no longer rely on an audit report;
- e. actual or potential changes in the executive leadership or the Board of Directors;
- f. business plans or budgets, including quarterly business reviews and similar periodic business analysis and updates;
- g. creation of significant financial obligations, or any significant default under or acceleration of any financial obligation;
- h. impending bankruptcy or financial liquidity problems;
- i. significant developments involving business relationships, including execution, modification or termination of significant agreements or orders with customers, suppliers, distributors, manufacturers or other business partners;
- j. significant information relating to business operations, such as new products or services, major modifications or performance issues, defects or recalls, significant pricing changes or other announcements of a significant nature;
- k. significant developments in research and development or relating to intellectual property;
- l. significant legal or regulatory developments, whether positive or negative, actual or threatened, including litigation or resolving litigation;
- m. major events involving a company's securities, including calls of securities for redemption, adoption of stock repurchase programs, option repricings, stock splits, changes in dividend policies, public or private securities offerings, modification to the rights of security holders or notice of delisting;
- n. significant corporate events, such as a pending or proposed merger, joint venture or tender offer, a significant investment, the acquisition or disposition of a significant business or asset or a change in control of a company;
- o. human capital rightsizing exercises or employee lay-offs;
- p. data breaches or other cybersecurity events;
- q. updates regarding any prior material disclosure that has materially changed;
- r. the existence of any information specifically determined as "material" by a company; and
- s. the imposition of any Special Blackout Period.

For avoidance of doubt, the list above is not exhaustive and there may be other information or events which may be deemed "material" depending on the situations that may arise. In addition, the above items will not always be material. For example, some contracts or changes in arrangements with service providers may clearly be material while others may not be.

Material information is “nonpublic” if it has not been disseminated in a manner making it available to investors generally. Even if the information is widely known throughout the Company, it may still be nonpublic. To demonstrate that information is public, one must be able to point to some fact that establishes that the information has become publicly available, such as the filing of a report or disclosure with the SEC, the distribution of a press release, publishing the information on our website or posting on social media if those are regular ways we communicate with investors, or by other means that are reasonably designed to provide broad public access. After the release of information, a reasonable period of time must elapse in order to provide the public an opportunity to absorb and evaluate the information provided. As a general rule, and unless as otherwise instructed by the General Counsel, at least two (2) full trading days (as defined below) shall pass after the dissemination of information before being considered public. For clarity, a “**full trading day**” means an entire calendar day in which a session of regular trading hours on the NYSE or Nasdaq between 9:30 a.m. and 4:00 p.m. U.S. Eastern Time (or such earlier close time as has been set by exchange rules) has occurred.

As a rule of thumb, if you think something might be material nonpublic information, it probably is. You can always reach out to the General Counsel if you have questions.

5. **Actions Covered by this Policy.**

Except as discussed in Section E (*Exceptions to Trading Restrictions*), this Policy applies to all transactions involving the Company’s securities or other companies’ securities for which you possess material nonpublic information obtained in connection with your service with the Company. This Policy therefore applies to:

- a. any purchase, sale, loan or other transfer or disposition of any equity securities (including common stock, options, restricted stock units, warrants and preferred stock) and debt securities (including debentures, bonds and notes) of the Company and such other companies, whether direct or indirect (including transactions made on your behalf by money managers or transactions made through an online trading account platform);
- b. any other arrangement that generates gains or losses from or based on changes in the prices of such securities including derivative securities (for example, exchange-traded put or call options, swaps, caps and collars), hedging and pledging transactions, short sales and certain arrangements regarding participation in benefit plans; and
- c. any offer to engage in the transactions described above.

There are no exceptions from insider trading laws or this Policy based on the size of the transaction or the type of consideration received.

This Policy also prohibits providing material nonpublic information about a company, including a company’s suppliers, customers, competitors or a target company that is potentially subject of an acquisition, joint venture or any other form of business collaboration, to another person who may trade or advise others to trade on the basis of that information, also known as “tipping,” which is illegal.

You are prohibited from providing material nonpublic information about a company to a friend, relative, or anyone else who might buy or sell a security or other financial instrument on the basis of that information, whether or not you intend to or actually do realize a profit (or any other benefit) from such tipping. Additionally, you are prohibited from recommending to any person that such person engage in or refrain from engaging in any transaction involving a company’s securities, or otherwise give trading advice concerning a company’s securities, if you are in possession of material nonpublic information about a company.

C. **ADDITIONAL TRADING RESTRICTIONS FOR RESTRICTED PERSONS**

1. **Blackout Periods**

Except as discussed in Section E (*Exceptions to Trading Restrictions*), all of the persons listed below ("**Restricted Persons**") and each of their Affiliates must refrain from conducting transactions involving the Company's securities during Blackout Periods (as defined below):

- a. Members of the Board of Directors;
 - b. Officers of the Company (including all Vice Presidents of any level, the Corporate Secretary, and any Assistant Corporate Secretaries);
 - c. Group Controllers;
 - d. Senior Director, Financial Planning & Analysis (or similar role/function);
 - e. Senior Director, Investor Relations (or similar role/function); and
 - f. Such other persons as are designated by the General Counsel from time-to-time who are notified that they are Restricted Persons.
- The General Counsel may update and revise the foregoing list from time to time as deemed appropriate, and will notify such Restricted Persons accordingly.

2. **Blackout Periods Defined.**

"**Blackout Periods**" means each of the following:

- a. **Quarterly Blackout Periods.** The period beginning fifteen (15) calendar days before the end of any fiscal quarter or fiscal year and ending two (2) business days after financial results for that fiscal quarter or fiscal year have been publicly released (a "**Quarterly Blackout Period**").
- b. **Special Blackout Periods.** The Company always retains the right to impose additional or longer trading blackout periods at any time (a "**Special Blackout Period**") and the General Counsel will notify Restricted Persons of a Special Blackout Period by providing a written notice. Special Blackout Periods might also apply to persons other than Restricted Persons or fewer than all Restricted Persons. The General Counsel will notify the impacted Restricted Persons or such other affected persons following the end of a Special Blackout Period. Without limiting the circumstances in which the General Counsel may designate a Special Blackout Period, the General Counsel may designate as a Special Blackout Period the period that begins four business days before and ends four business days after the Company's public announcement of either: (A) a new share repurchase plan or program; or (B) an increase of an existing share repurchase plan or program.

3. **All trades MUST be pre-cleared.**

Even if a trade in Company securities is intended to occur outside of a Blackout Period, Restricted Persons must first obtain pre-clearance authorization from the General Counsel before making such trade. To request pre-clearance, you must email the General Counsel with the request, with a copy to the Global Equity and Benefits Advisor, and provide to the General Counsel any documentation as the General Counsel may reasonably require in furtherance of the foregoing procedures. Any failure to provide such information will be grounds for the General Counsel to deny approval of your trade request. There are no unconditional "safe harbors" for trades made at particular times, and all persons subject to this Policy should exercise good judgment at all times.

The General Counsel will advise you on whether pre-clearance has been granted. In connection with your pre-clearance application, you are required to certify that you are not in possession of material nonpublic information about the Company. The General Counsel is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction. The General Counsel's pre-clearance will expire 48 hours from the time the pre-clearance has been granted.

If you expect any trade to be completed more than 48 hours after pre-clearance is granted, you are required to obtain another pre-clearance from the General Counsel. Even after pre-clearance, you may not trade the Company's securities if a Blackout Period is imposed, if you become aware of material nonpublic information prior to the trade being executed, or if such clearance has been rescinded by the General Counsel. If the General Counsel is the requester, then

the Company's Chief Executive Officer, Chief Financial Officer, or one of their delegates must pre-clear or deny any trade.

D. STRICTLY PROHIBITED TRANSACTIONS; STANDING AND LIMIT ORDERS

You may not engage in any of the following types of transactions other than as noted below, regardless of whether you (i) have material nonpublic information or not, or (ii) are a Restricted Person or not.

1. **Short Sales.** You may not engage in short sales (meaning the sale of a security that must be borrowed to make delivery) or "sell short against the box" (meaning the sale of a security with a delayed delivery) if such sales involve the Company's securities.
2. **Derivative Securities and Hedging Transactions.** You may not, directly or indirectly, (a) trade in publicly-traded options, such as puts and calls, and other derivative securities with respect to the Company's securities (other than stock options, restricted stock units and other compensatory awards issued to you by the Company), or (b) purchase financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds), or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of equity securities either (i) granted to you by the Company as part of your compensation, or (ii) held, directly or indirectly, by you.
3. **Pledging Transactions.** You may not pledge the Company's securities as collateral for any loan or as part of any other pledging transaction.
4. **Margin Accounts.** You may not hold the Company's securities in a margin account unless you first obtain pre-clearance from the General Counsel.
5. **Standing and Limit Orders.** Beyond the strictly prohibited transactions outlined above, standing and limit orders (except standing and limit orders under an approved Rule 10b5-1 Plan (as defined below)) create heightened risks for insider trading violations as there is no control over the timing of the purchases or sales that result from standing instructions to a broker. As a result, the transaction could be executed when an individual is in possession of material nonpublic information. The Company therefore discourages Insiders placing standing or limit orders on the Company's securities. If an Insider subject to this Policy nonetheless determines that they must use a standing order or limit order (other than under an approved Rule 10b5-1 Plan), the order should be limited to short duration and the Insider using such standing order or limit order is required to cancel such instructions immediately in the event restrictions are imposed on their ability to trade pursuant to a Blackout Period or if they come into possession of material nonpublic information.

E. EXCEPTIONS TO TRADING RESTRICTIONS

The following are certain limited exceptions to the insider trading restrictions imposed by this Policy:

1. Stock option exercises where the purchase of stock options is paid in cash and shares continue to be held by the Insider after the exercise is finalized;
2. Net share withholding of equity awards where shares are withheld by the Company in order to satisfy tax withholding requirements, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information;
3. Sell to cover transactions, to the extent approved and implemented by the Company, where shares are withheld by the Company upon vesting of equity awards and sold in order to satisfy tax withholding requirements; however, this exception does not apply to any other market sale for the purposes of paying required withholding;
4. Trades made pursuant to a valid Rule 10b5-1 Plan (as defined below) approved by the Company (see Section F (10b5-1 Trading Plans) below);
5. Changes in form of ownership (for example, a transfer from your individual ownership to a trust for which you are the trustee, or transfers between brokerage accounts you own); or
6. Bona fide gifts of the Company's securities or transfers by will or by the laws of descent and distribution; however, the trading restrictions under this Policy do apply to any subsequent trading of such securities if the donee is a related party of the donor; and, further, if you are subject to the pre-clearance requirements of this Policy, then you must pre-clear any of these transactions with the General Counsel.

Any other Policy exceptions must be approved by the General Counsel, in consultation with the Company's board of directors or an independent committee of the board of directors. Please be aware that even if a transaction is subject to an exception to this Policy, you will need to separately assess whether the transaction complies with applicable law.

F. 10B5-1 TRADING PLANS

The Company permits its directors, officers and employees to adopt written trading plans (a "**Rule 10b5-1 Plan**") under Rule 10b5-1 of the Exchange Act ("**Rule 10b5-1**") in order to mitigate the risk of trading on material nonpublic information. The following provisions apply to all Rule 10b5-1 Plans.

1. To be approved by the Company and qualify for the exception to this Policy, any Rule 10b5-1 Plan must:
 - a. comply with all requirements of Rule 10b5-1 and other applicable law;
 - b. be established during an open trading window when the person does not have material nonpublic information;
 - c. have a minimum term of six (6) months and a maximum term of two (2) years (starting from when trades may first occur in accordance with this Policy);
 - d. be pre-approved by the General Counsel, who may refuse to approve a Rule 10b5-1 Plan or an amendment to a Rule 10b5-1 Plan as the General Counsel deems appropriate including, without limitation, if the General Counsel determines that such plan does not satisfy the requirements of Rule 10b5-1 or if it is not being entered into in good faith; and
 - e. be entered into and operated in good faith. To this end, the Company will require individuals adopting the Rule 10b5-1 Plans to furnish a written certification to the Company that, at the time of the adoption or modification of the plan, (i) the person is not aware of any material nonpublic information about the Company or its securities, and (ii) the person is adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (the "**Certification**"). Persons adopting Rule 10b5-1 Plans are advised to retain all Certifications for a minimum period of ten (10) years or no shorter than the minimum retention period as prescribed under the prevailing securities laws.
2. The first trade under a Rule 10b5-1 Plan may not occur until 30 calendar days after adoption (including a modification) of the Rule 10b5-1 Plan; provided, however that for members of the Company's board of directors as well as officers specified under Section 16 of the Exchange Act (collectively, "**Statutory Insiders**"), the first trade under a Rule 10b5-1 Plan may not occur until after the later of (a) two business days following the disclosure of the Company's financial results in a Form 10-Q or Form 10-K for the fiscal quarter in which the Rule 10b5-1 Plan was adopted, amended or modified, and (b) 90 calendar days after the adoption, amendment or modification of the Rule 10b5-1 Plan.
3. Unless otherwise approved by the General Counsel in situations where having multiple plans in place at one time is permissible under the provisions of Rule 10b5-1, a director, officer or employee of the Company may have only one Rule 10b5-1 Plan in effect at any time. However, such persons may adopt a new Rule 10b5-1 Plan to replace an existing Rule 10b5-1 Plan before the scheduled termination date of such existing Rule 10b5-1 Plan so long as the new Rule 10b5-1 Plan does not become effective prior to the completion of expiration of transactions under the existing Rule 10b5-1 Plan, in all cases consistent with Rule 10b5-1, and the new Rule 10b5-1 Plan must comply with the requirements of this Policy. During any 12-month period, a director, officer or employee may only enter into one Rule 10b5-1 Plan that is designed to effect the purchase or sale or other transfer of the total amount of the Company's securities covered by the Rule 10b5-1 Plan in a single transaction.
4. The General Counsel must be promptly notified of any modification to, termination of or suspension of trading under any Rule 10b5-1 Plan. Any modification of a Rule 10b5-1 Plan is generally discouraged absent compelling circumstances and requires pre-approval by the General Counsel. A modification may occur only during an open trading window and while you are not aware of material, nonpublic information. If a person terminates a Rule 10b5-1 Plan prior to its stated duration, the person may not trade in the Company's securities until after the later of (a) the completion of the next Quarterly Blackout Period after termination (or, if the plan is terminated during a Quarterly Blackout Period, the end of that period), and (b) 30 calendar days after termination. Within the one year preceding the modification or adoption of a Rule 10b5-1 Plan, a person may not have otherwise modified or adopted a Rule 10b5-1 Plan more than once.

G. COMPANY'S RIGHT TO DISCLOSE

The Company reserves the right to publicly disclose, including indicating in its quarterly reports on Form 10-Q and annual report on Form 10-K: (A) the existence and/or terms of any Rule 10b5-1 Plan (except price), including any modification and/or termination thereof; (B) if any officers and directors traded in the relevant securities in the four (4) business days before or after the announcement of the repurchase plan or program; and/or (C) any other information that the Company is required to publicly disclose under the U.S. federal securities laws and other applicable law.

H. SECTION 16 COMPLIANCE

Statutory Insiders are required to comply with the transaction reporting requirements of Section 16 of the Securities and Exchange Act and related rules and regulations. To ensure transactions subject to Section 16 requirements are reported on time, each person subject to these requirements must provide (or ensure their broker provides) the General Counsel and the Global Equity and Benefits Advisor with detailed information (for example, trade date, number of shares, exact prices, weighted average price, etc.) about his or her transactions involving the Company's securities, including dispositions of securities by bona fide gifts. Compliance by directors and executive officers with this provision is imperative given the requirement of Section 16 of the Exchange Act that these persons generally report changes in ownership of Company securities within two (2) business days.

The sanctions for noncompliance with this reporting deadline include mandatory disclosure in the Company's proxy statement for the next annual meeting of stockholders, as well as possible civil or criminal sanctions for chronic or egregious violators. The Company is available to assist in filing Section 16 reports, but the obligation to comply with Section 16 is personal. If you have any questions, you should check with the General Counsel.

I. YOUR PERSONAL RESPONSIBILITY

Please consult with your personal legal and financial advisors as needed. Note that the Company's legal counsel, both internal and external, represent the Company and not you personally. There may be instances where you suffer financial harm or other hardship or are otherwise required to forego a planned transaction because of the restrictions imposed by this Policy or under securities laws. If you were aware of the material nonpublic information at the time of the trade, it is not a defense that you did not "use" the information for the trade. Personal financial emergency or other personal circumstances are not mitigating factors under securities laws and will not excuse your failure to comply with this Policy.

J. VIOLATIONS OF THIS POLICY

Insiders who violate this Policy will be subject to disciplinary action by the Company, up to and including the possibility of termination of employment or an ongoing relationship with the Company. The Company has full and final discretion to determine whether this Policy has been violated based on the information available. It is not necessary for the Company to await the filing or conclusion of a civil or criminal action against the alleged violator before taking disciplinary action.

There are also serious legal consequences for individuals who violate insider trading laws, including large criminal and civil fines, significant imprisonment terms and disgorgement of any profits gained or losses avoided. The SEC, and the U.S. securities exchanges, through the Financial Industry Regulatory Authority ("FINRA"), investigate and are very effective at detecting insider trading. The U.S. government pursues insider trading violations vigorously, successfully prosecuting, for example, cases against trading by employees in foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

The penalties for violating rules against insider trading can be severe and include:

- a. forfeiting any profit gained or loss avoided by the trading;
- b. payment of the loss suffered by the persons who, contemporaneously with the purchase or sale of securities that are subject of a violation, have purchased or sold securities of the same class;
- c. payment of criminal penalties of up to US\$5 million;
- d. payment of civil penalties of up to three times the profit made or loss avoided; and
- e. imprisonment for up to 20 years; and
- f. a bar on serving as an officer or director of a public company.

The Company and/or the supervisors of the person engaged in insider trading may also be required to pay civil penalties or fines of US\$2 million or more, up to three times the profit made or loss avoided, as well as criminal penalties of up to US\$25 million, and could under some circumstances be subject to private lawsuits.

You may also be liable for improper securities trading by any person (commonly referred to as a "tippee") to whom you have disclosed material nonpublic information that you have learned through your position at the Company or made recommendations or expressed opinions about securities trading on the basis of such information. If you disclose material nonpublic information to a tippee, you can be subject to the same penalties and sanctions as the tippee even if you did not profit from a transaction.

K. REPORTING

If you believe someone is violating this Policy, you should report it to the General Counsel. Please refer to the Company's Whistleblower Policy for the relevant reporting procedures.

L. AMENDMENTS

The Company reserves the right to amend this Policy at any time, for any reason, subject to applicable laws, rules and regulations, and with or without notice, although it will attempt to provide notice in advance of any change.

M. ACKNOWLEDGEMENT

The Company will deliver a copy of this Policy to all current directors, officers, employees and contractors and to future directors, officers, employees and contractors at the start of their employment or relationship with the Company. Each of these individuals must acknowledge (in the form of EXHIBIT A to this Policy) that they have received a copy of this Policy and agree to comply with the terms of this Policy.

At the Company's request, Restricted Persons may be required to re-acknowledge and agree to comply with the Policy (including any amendments or modifications) from time-to-time.

EXHIBIT A

ACKNOWLEDGEMENT

I hereby acknowledge that I have read, that I understand, and that I agree to comply with the Insider Trading Policy of **KULICKE AND SOFFA INDUSTRIES, INC.** (together with its subsidiaries, collectively, the "**Company**"). I further acknowledge and agree that I am responsible for ensuring compliance with the Insider Trading Policy by all of my "Affiliates". I also understand and agree that I will be subject to sanctions, including termination of employment, that may be imposed by the Company, in its sole discretion, for violation of the Insider Trading Policy, and that the Company may give stop-transfer and other instructions to the Company's transfer agent or any brokerage firm managing the Company's equity incentive plan(s) against the transfer of any Company securities that the Company considers to be in contravention of the Insider Trading Policy.

This acknowledgement constitutes consent for the Company to impose sanctions for violation of the Insider Trading Policy and to issue any stop-transfer orders to the Company's transfer agent that the Company, in its sole discretion, deems appropriate to ensure compliance.

Date:

Signature:

Name:

Title:

Send signed Acknowledgement to:
Stephen R. Drake
VP, Legal Affairs and General Counsel
KULICKE AND SOFFA INDUSTRIES, INC.
23A Serangoon North Avenue 5
Singapore 554369

SUBSIDIARIES OF THE COMPANY⁽¹⁾

Name	Jurisdiction of Incorporation
Assembléon B.V.	The Netherlands
K&S Worldwide, Inc.	Delaware
Kulicke & Soffa (Hong Kong) Limited	Hong Kong
Kulicke & Soffa (Israel) Limited	Israel
Kulicke & Soffa (Suzhou) Limited	China
Kulicke and Soffa (Switzerland) Management GmbH	Switzerland
Kulicke & Soffa Foreign Investments, LLC	US
Kulicke & Soffa Global Investments, Inc.	US
Kulicke & Soffa Holdings B.V.	The Netherlands
Kulicke & Soffa Liteq B.V.	The Netherlands
Kulicke & Soffa Luxembourg Investment Holdings S.à r.L	Luxembourg
Kulicke and Soffa Luxembourg S.à r.L	Luxembourg
Kulicke & Soffa Netherlands B.V.	The Netherlands
Kulicke & Soffa Netherlands Investment Holdings B.V.	The Netherlands
Kulicke & Soffa Pte. Ltd.	Singapore
Kulicke & Soffa Holland Holdings B.V.	The Netherlands
Micro-Swiss Limited	Israel
Kulicke and Soffa Hi-Tech Co., Ltd.	Taiwan

(1) Certain subsidiaries are omitted; however, such subsidiaries, even if combined into one subsidiary, would not constitute a “significant subsidiary” within the meaning of Regulation S-X.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos.333-257704, 333-217058) of Kulicke & Soffa Industries, Inc. of our report dated November 16, 2023 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Singapore
November 16, 2023

CERTIFICATION

I, Fusen Chen, certify that:

1. I have reviewed this annual report on Form 10-K 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: November 16, 2023

By: /s/ FUSEN CHEN
Fusen Chen
Chief Executive Officer

CERTIFICATION

I, Lester Wong, certify that:

1. I have reviewed this annual report on Form 10-K 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: November 16, 2023

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

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, 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 Annual Report on Form 10-K of Kulicke and Soffa Industries, Inc. for the fiscal year ended September 30, 2023 (the "Fiscal 2023 Form 10-K"), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Fiscal 2023 Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Kulicke and Soffa Industries, Inc.

Date: November 16, 2023

By: /s/ FUSEN CHEN
Fusen Chen
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 Annual Report on Form 10-K of Kulicke and Soffa Industries, Inc. for the fiscal year ended September 30, 2023 (the "Fiscal 2023 Form 10-K"), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Fiscal 2023 Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Kulicke and Soffa Industries, Inc.

Date: November 16, 2023

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