Kulicke & Soffa

2025 Annual Report

Vision

To innovate for a smarter, more connected future.

Company

Founded in 1951, Kulicke & Soffa specializes in developing cutting-edge semiconductor and electronics assembly solutions enabling a smart and more sustainable future. Our ever-growing range of products and services supports growth and facilitates technology transitions across large-scale markets, such as automotive, communications, compute, consumer, data storage, energy storage and industrial. Kulicke & Soffa is headquartered in Pennsylvania and Singapore.

Dear Shareholders:

Fiscal year 2025 was a pivotal year for Kulicke & Soffa. We navigated a dynamic semiconductor landscape while advancing strategic priorities. Despite an extended period of softer demand across several end markets, we continued to release new innovations and drove market engagements across our highest growth opportunities.

These efforts are adding depth to our solutions portfolio while also enhancing the value of the semiconductor assembly process. Our ability to execute new initiatives and drive this progress amid challenging market conditions underscores the resilience of our business model and breadth of our growing market access.

Our long-term strategy of driving technological transitions through innovation is accelerating, broadening our market reach and strengthening our competitive positions. Through fiscal 2025, we delivered several innovative market solutions within thermocompression, vertical wire, advanced dispense and high-power interconnect. By delivering cutting-edge solutions and maintaining disciplined operational and capital allocation strategies, we are actively enhancing our ability to create sustainable long-term shareholder value.

Fiscal Year 2025 Strategic Progress and Achievements

Over the past year, we remained committed to delivering shareholder returns and deployed $96.5 million to repurchase 2.4 million shares, nearly 5% of shares outstanding. In parallel, we recorded an additional $43.3 million, or $0.82 per share, of consistent dividend payments over the same period. This demonstrates our confidence in the Company's long-term prospects and our commitment to delivering direct shareholder value.

The Ball Bonding market experienced steady improvement during fiscal 2025, rebounding from a period of soft demand that began at the onset of fiscal 2023. Over the past three years, utilization of our largest installed base has strengthened with rising demand from general semiconductor and memory markets.

Wire bonding technology continues to advance with our latest vertical wire process, which provides a cost-effective solution for stacked-die applications and expands access across memory opportunities.

Within Wedge Bonding, we released the Asterion-PW which enables the transition to smarter, more efficient, power semiconductor opportunities growing in demand due to evolving automotive and industrial trends. While broad automotive and industrial end market headwinds persisted through fiscal year 2025, we are now cautiously optimistic in an industry-supported recovery through fiscal 2026. Long-term, we remain very confident in our technology leadership which supports electric vehicle and clean-technology transitions. Additionally, we were pleased to launch the ACELON™ advanced dispense system, which leverages our industry-proven wedge bonding platform. This new system reflects our commitment to next-generation solutions, while highlighting our ability to expand market access.

Within Advanced Solutions, our market engagements continue to expand. Our solutions are in development and/or production of several of the most advanced logic and next-generation memory applications. Emerging technology requirements for artificial intelligence, combined with the growing necessity for *More-than-Moore* assembly techniques, such as ultra-fine pitch interconnects and advanced heterogeneous integration, are reshaping the semiconductor landscape. Our fluxless thermocompression (FTC) solutions, in addition to our AT Premier MEM Plus™ vertical wire system, position K&S at the forefront of two separate advanced packaging transitions. Additionally, we recently shipped our first HBM system in the December quarter and continue to anticipate vertical wire will enter high-volume production in late calendar year 2026, providing separate paths to grow share in the advanced memory market.

These broad technology transitions within general semiconductor, memory and automotive and industrial markets, in addition to our growing portfolio of solutions are fortifying our growth platform across served markets.

Positioned for Growth:
Outlook into Fiscal Year 2026

Looking ahead into fiscal 2026, we currently anticipate half of our sequential annual revenue growth to stem from fundamental technology transitions and new market opportunities explained above, while the remainder is anticipated to stem from improving dynamics within the sizeable Ball and Wedge markets.

We are optimistic as we look into 2026. The entire K&S organization is well-positioned to capitalize on significant industry transitions enabling chiplet architecture, heterogeneous integration, and high-bandwidth memory in addition to pursuing several exciting opportunities through the rapidly evolving automotive and clean-tech markets. Our focus remains on delivering innovative solutions across our served markets to advance the semiconductor assembly process.

We thank you for your continued trust and support as we execute our strategy to create and deliver long-term value by aligning technology with opportunity.

Sincerely,

Lester Wong
Interim Chief Executive Officer & Chief Financial Officer
Kulicke and Soffa Industries, Inc.

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 October 4, 2025

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	**23-1498399**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

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

1005 Virginia Dr., Fort Washington, PA 19034

(Address of principal executive offices and Zip Code)

(215) 784-6000

(Registrant's telephone number, including area code)

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

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

Indicate by check mark 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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 March 29, 2025, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately 1,753.2 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 17, 2025, there were 52,363,000 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 2026, 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 Annual Report relates.

KULICKE AND SOFFA INDUSTRIES, INC.
2025 Annual Report on Form 10-K
October 4, 2025
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Solely for convenience, trademarks and trade names referred to in this Annual Report on Form 10-K for the fiscal year ended October 4, 2025 (the “Annual Report” or “Form 10-K”), including logos, artwork and other visual displays, may appear without the ® or TM symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names.

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 successfully execute our business; our ability to control costs; and our operational flexibility as a result of (among other factors):

- *our ability to successfully complete the cessation of our Electronics Assembly ("EA") equipment business, including due to delays or other problems arising from regulatory or judicial review of the activities concerning the cessation;*
- *our ability to achieve expected organizational efficiencies after the successful cessation of our EA equipment business;*
- *risks arising from changes or uncertainties in trade policies, including the imposition of new, reciprocal or increases in existing tariffs or other restrictive trade measures, affecting supply chain costs, product pricing and customer demand;*
- *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 tensions in the Middle East, the prolonged Ukraine/Russia conflict, global trade relations, geopolitical tensions and other macroeconomic factors;*
- *our expectations regarding supply chain disruptions caused, directly or indirectly, by various macroeconomic events, including increased tariffs, 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;*
- *disruptions, breaches or failures in our information technology systems and network infrastructures;*
- *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 our environmental, social and governance ("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 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

Kulicke and Soffa Industries, Inc. ("K&S," "we," "us," "our," or the "Company") is a global leader in semiconductor assembly technology, advancing device performance across automotive, compute, industrial, memory and communications markets. Founded on innovation in 1951, K&S is uniquely positioned to overcome increasingly dynamic process challenges – creating and delivering long-term value by aligning technology with opportunity.

We design, develop, manufacture and sell capital equipment and consumables and provide services used to assemble semiconductor devices, such as integrated circuits, power discretes, light-emitting diode ("LEDs"), 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 performance, cost and quality 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 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 fiscal 2025, 2024 and 2023 was October 4, 2025, September 28, 2024, and September 30, 2023, respectively.

Key Events in Fiscal 2025

Middle East Conflict

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. Though a further ceasefire between Israel and the Hamas terrorist organization took effect on October 10, 2025, there have been subsequent claims of breaches on both sides.

The 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 interruptions have been noted at our Israeli facility. Trade routes remain open, and our suppliers and business partners in Israel remain operational. Furthermore, disruption to our workforce has been minimal.

Given that any further escalation or other hostilities cannot be excluded, we continue to monitor the situation and remain ready to activate our Business Continuity Plan ("BCP") if necessary.

Cessation of EA Equipment Business

On March 25, 2025, the Board of Directors the Company approved a strategic plan related to the cessation of the Company's EA equipment business. As part of the plan, the Company began the process of winding down the EA equipment business in an effort to prioritize core semiconductor assembly business opportunities and enhance overall through-cycle financial performance. The cessation of the EA equipment business is subject to a consultation process with the applicable works council and union representatives, which the Company initiated in the third fiscal quarter of 2025 and, as of October 4, 2025, had substantially completed. The wind down activities remains ongoing and are expected to be substantially completed by fiscal 2026, after which there will be some service support activities to serve out the remaining customer obligations. For additional information, see "Note 17: Cessation of Business" in the Notes to the Consolidated Financial Statements in "Part II, Item 8 — Financial Statements and Supplementary Data".

Cancellation of Project W

The Company was engaged by one of its customers (the "Customer") to support the Customer with the development and future mass production of certain technologies relating to advanced display (the "Project"), previously referred to as Project W. As previously disclosed in fiscal 2024, in connection with the Customer's strategic review of its business, the Customer informed the Company that it cancelled the Project.

On November 4, 2024, the Company and the Customer entered into a written agreement pursuant to which the Customer agreed to reimburse the Company for certain costs and expenses that the Company incurred in connection with the Project. Pursuant to the agreement, the Customer agreed to pay $86.2 million to the Company. In the quarter ended December 28, 2024, $15.1 million was included within "Net Revenue" for delivered products and the remaining $71.1 million was included in "Gain relating to cessation of business" in the Consolidated Statements of Operations. In the quarter ended March 29, 2025, the Company received the reimbursement amount from the Customer.

Macroeconomic Headwinds

The cost of logistics remains high as a result of macroeconomic conditions, inflation and labor shortages across layers of the supply chain. The Company’s management continues to monitor for signs of any expansion of economic or supply chain disruptions or broader supply chain inflationary and logistical costs resulting either directly or indirectly from the tensions in the Middle East or between Ukraine and Russia, as well as the imposition of new, increased or retaliatory tariffs.

The ongoing tensions in the Middle East, including the Israel-Iran war, and the prolonged Ukraine/Russia conflict have not had a material impact on our financial condition and operating results in fiscal 2025. We believe that our existing cash, cash equivalents, short-term investments, and anticipated cash flows from operations will be sufficient to meet our liquidity and capital requirements, notwithstanding the ongoing tensions in the Middle East and the prolonged Ukraine/Russia conflict and other macroeconomic factors, for at least the next twelve months from the date of this Annual Report. However, this is a highly dynamic situation. As the macroeconomic situation remains highly volatile and the geopolitical situation remains uncertain, there is uncertainty surrounding the operations of our manufacturing locations, our business, our expectations regarding future demand or supply conditions, our near- and long-term liquidity and our financial condition. Consequentially, our operating results could deteriorate.

The current macroeconomic conditions and declining consumer sentiment during fiscal years 2023 and 2024 have persisted, which continues to exacerbate inventory buildup in the semiconductor industry. Many of our customers who accumulated our products in the past three years continue to reduce their order rates as a result of inventory adjustment.

Due to general inflationary pressures, declining consumer sentiment, and an economic downturn caused, directly or indirectly, by various macroeconomic factors, including the ongoing tensions in the Middle East and the prolonged Ukraine/Russia conflict, the sector continues to experience volatility and disruption. However, we believe that the long-term semiconductor industry macroeconomics have not changed and we anticipate that the industry’s growth projections will normalize.

For additional 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 to repurchase up to $100 million of the Company's common stock on or before August 1, 2020. In 2018, 2019, 2020 and 2022, the Board of Directors increased the share repurchase authorization to $200 million, $300 million, $400 million and $800 million, respectively, and extended its duration through August 1, 2025 (the "Prior Program").

During the three months ended December 28, 2024, the Company repurchased a total of approximately 657.0 thousand shares of common stock under the Prior Program at a cost of approximately $30.3 million. On December 2, 2024, the Company announced that it had completed share repurchases under the Prior Program.

Additionally, as announced on November 13, 2024, the Board of Directors authorized a new share repurchase program to repurchase up to $300 million of the Company's common stock (the "New Program"). On December 2, 2024, the Company entered into a new written trading plan under Rule 10b5-1 of the Exchange Act, to facilitate repurchases under the New Program. The plan permits the purchase of up to approximately $300 million of the Company's common stock from December 2, 2024 through December 2, 2029. The New 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 New 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 New Program depend on market conditions as well as corporate and regulatory considerations.

During the fiscal year ended October 4, 2025, the Company repurchased a total of approximately 1,785.0 thousand shares of common stock under the New Program at a cost of approximately $66.2 million.

The stock repurchases were recorded in the periods the repurchased shares 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 October 4, 2025, our remaining stock repurchase authorization under the New Program was approximately $233.8 million.

Dividends

On each of August 29, 2025, June 5, 2025, March 6, 2025 and November 13, 2024, the Board of Directors declared a quarterly dividend of $0.205 per share of common stock, resulting in an aggregate dividend of $0.82 per share of common stock for the fiscal year ended October 4, 2025. 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 the 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 90.5% and 90.6% of our net revenue for fiscal 2025 and 2024, respectively, was for shipments to customer locations outside of the U.S., primarily in the Asia/Pacific region. Approximately 53.5% and 53.3% of our net revenue for fiscal 2025 and 2024, 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 trade and export control policies of the governments of China and the U.S. Furthermore, there remains 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 October 4, 2025, our total cash, cash equivalents and short-term investments were $510.7 million, a $66.4 million decrease from the prior fiscal year end. We believe our ability to maintain a 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, 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.

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.

Our Asterion hybrid wedge bonder has demonstrated the capability to provide and enable an expanded bond area, laser bonding, new robust pattern recognition capabilities and extremely tight process controls. Recently, we launched the Asterion-PW, extending our leadership in power device applications with a fast and precise ultrasonic pin welding solution.

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. We recently introduced ATPremier MEM PLUS™, a cutting-edge wafer level packaging solution, deploying innovative vertical wire technology to address emerging advanced memory applications within today's fast-paced semiconductor market. Engineered for high-volume, at-the-edge AI applications, our vertical wire technology has broken barriers to enable a new level of transistor-dense DRAM and NAND assembly.

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. With the launch of our APAMA™, APAMA Plus™ and APTURA™, 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.

The APTURA™ is a highly capable thermo-compression bonding system which supports an ultra-fine-pitch fluxless direct-copper thermo-compression bonding process. With this system, we are well positioned to enable growth of chiplet-based advanced packages.

We continue to expand technology partnerships with key customers and through engagements with institutions and consortiums, including the UCLA Center for Heterogeneous Integration and Performance Scaling (“CHIPS”) and the “US-Joint” semiconductor consortium led by Resonac Holdings Corporation.

In respect of advanced dispensing, we recently announced the launch of ACELON™, a next-generation precision dispensing solution designed for a broad range of semiconductor, Surface Mount Technology ("SMT"), and automotive assembly applications. This new advanced dispensing platform leverages the Company's market-leading machine architecture in wire bonding, which has already been successfully deployed by leading customers in critical high-reliability and high-volume production environments worldwide for decades. ACELON™ provides flexibility for handling larger substrates and complex assembly configurations through a significantly expanded working area. The system delivers industry-leading precision with sub-20μm wet accuracy, ensuring consistent material placement for critical applications where dimensional tolerances are paramount.

We are focused on driving innovation and delivering new solutions in 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 year-to-year based on their respective capital investments and operating expense budgets, as well as overall industry trends. For additional information regarding our concentrations and customers, please see "Note 16: Commitments, Contingencies and Concentrations” in the notes to our consolidated financial statements in “Part II, Item 8 — Financial Statements and Supplementary Data”.

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, and 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, India, 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 and 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 October 4, 2025 and September 28, 2024:

	As of	
(in thousands)	October 4, 2025	September 28, 2024
Backlog	$ 245,280	$ 148,585

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 series, APAMA™, APAMA Plus™, APTURA™ 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 facilities in the Netherlands and Singapore. Our advanced dispensing manufacturing and assembly is done at our facility in Taiwan. We have ISO 9001, ISO 14001 and ISO 45001 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, ISO 14001 and ISO 45001 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, Yamaha Robotics Holdings Co. 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, and our ESG council continues to oversee the Company's 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.

In fiscal 2024, we performed an independent, limited external assurance of our direct (Scope 1) and purchased energy indirect (Scope 2) greenhouse gas emissions data, as well as selected sustainability performance data on paper usage, water consumption, and waste generated and disposed, under the operational control boundary of seven of our global operational sites.

For more information on our ESG efforts, please refer to our Sustainability Report 2024, 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 October 4, 2025, we had 2,551 full-time employees and 41 temporary workers worldwide.

Inclusive Workplace Practices

As a technology company operating in a dynamic and global environment, our success depends on attracting, retaining, and developing top talent across diverse backgrounds, experiences, and perspectives. We are committed to fostering a workplace culture that promotes fairness, innovation, and opportunity for all employees.

We are proud of our inclusive talent strategy that emphasizes fair and consistent hiring practices and cross-functional collaboration. The Company has also implemented a learning and development series titled “Inclusive Leader Mindset Change Training”, which was designed to equip people managers with valuable perspectives and tools to cultivate inclusive leadership. As a multinational company, we respect cultural differences and local labor laws, and we tailor our engagement strategies accordingly.

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. The Executive Safety Committee (the “Safety Committee”) provides 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 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 health and safety-related trainings including hands-on emergency 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 and when required, including as a response to a potential global health crisis, our Company will implement site specific business continuity and risk mitigation plans to help maintain the health and safety of our employees.

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. We have implemented global leadership development programs aimed at accelerating the development of our high potential mid-career professionals and managers to prepare them to assume broader leadership roles.

Following employee feedback from our 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 various training courses intended to support their development in the required competency stages as they chart their career progression with the Company. To complement the other competencies, we also plan to roll out our Engineering Competency Framework in fiscal 2026. This will allow our engineers to understand how to grow technically and the skills they will need to develop to move to the next career level, which we believe will lead to more robust planning for future talent needs and support succession planning for critical technical roles.

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 providers aggregate our data 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

We also monitor our workforce composition and retention trends together with employee engagement, and these insights feed into our strategic workforce planning and help us identify areas for improvement. 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. Where we have identified retention risks in certain departments, we have also used quarterly pulse surveys to gather employee feedback for early detection of issues and to improve engagement.

Flexible work arrangements, 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 wrongdoing through the whistleblower hotline, whistleblower website or the Company's General Counsel. 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.

International political instability, geopolitical tensions, terrorist acts and acts of war may adversely affect our business, financial condition or results of operations.

The threat of terrorism or acts of war, risks and rumors of war, escalation and civil disturbances, including the prolonged tensions in the Middle East and the Ukraine/Russia conflict, increases the uncertainty in our markets and could adversely affect our business. 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. Though a ceasefire took effect on October 10, 2025, there have been subsequent claims of breaches on both sides.

Many multinational companies in the semiconductor industry have research, design and development centers situated in Israel. The Company has a manufacturing facility and a business office in Haifa, and our capillaries are manufactured at this facility, in addition to our facility in China.

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.

As the intensity of the war has been rapidly evolving, including the potential for heightened geopolitical tensions in the Middle East, we continue to review reports concerning our operations and business partners and remain vigilant. Where necessary, we will ramp up our manufacturing capabilities in China as part of our general business contingency strategy.

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 prolonged 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 in fiscal 2024, we expect some constraints to continue from time to time 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, human resource allocation 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, especially for supplies with a longer lead time. 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;
- cancelled or deferred orders;
- variations in sales channel or mix of direct sales and indirect sales;
- seasonality;
- changes in trade regulations;
- 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;
- retrenchment, severance, restructuring, and other costs of relocating our manufacturing or warehouse facilities;

- inventory write-offs due to obsolescence, project cancellations 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, our competitors and general cost reductions within our industry's supply chains. The Chinese government's initiatives around self-sustainability in the semiconductor sector are propelling China to expand its domestic manufacturing capacity. With considerable incentives from the Chinese government, manufacturers based in China are able to lower selling prices, thereby increasing overall competition. This has resulted in a lowering of our average selling prices in China. 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, footprint, 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, or enter into strategic collaboration with major process partners. 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 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 53.5% and 53.3% of our net revenue for fiscal 2025 and 2024, 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 currently manufacture our ball, wedge, APAMA™ and APTURA™ bonders in Singapore, our dicing blades, capillaries and bonding wedges in China, our Hybrid and Electronic Assembly solutions in the Netherlands, our capillaries in Israel, 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 regulations;
- less protective foreign intellectual property laws, and the enforcement of patent and other intellectual property rights;
- longer payment cycles in foreign markets and potential default risks;
- 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;
- trade wars or trade conflicts;
- 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, monkeypox 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 prolonged tensions in the Middle East 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 remains 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. In 2025, the U.S. imposed additional tariffs on a number of countries. Impacted countries have imposed, and in the future may impose, retaliatory tariffs, and such actions could give rise to an escalation of other trade measures by the countries subject to such tariffs. In addition to tariffs, the U.S. has imposed export controls targeted at specific industries, including the semiconductor industry.

These tariffs and other adverse trade actions, as well as the threat of trade wars against foreign countries/regions, have created even more uncertainties in international trade, which may affect our business. For example, the imposition of tariffs and export controls have indirectly led to an increase in the cost of our products, which if improperly managed, could in turn 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, interruptions of service from utilities, or other catastrophic events including as a result of climate change. In addition, global climate change can result in natural disasters occurring more frequently, with greater intensity and with less predictability. We also operate in seismic zones including Taiwan, which is located within a complex zone of convergence between the Philippines Sea Plate and Eurasian Plate. For example, in January 2025, a magnitude 6.4 earthquake struck Tainan, Taiwan, resulting in a temporary suspension of business and services. Although our advanced dispensing manufacturing operations in Taiwan were not affected, the earthquake resulted in the temporary suspension of other semiconductor factories and suppliers who operate in Taiwan. 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 ongoing. There has been a further escalation of trade tensions between the U.S. and China 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.

In November 2023, the BIS issued additional rules to update export controls on advanced computing semiconductors and semiconductor manufacturing equipment, as well as items that support supercomputing applications and end uses, to arms embargoed countries, including China. Further in December 2024, the BIS added new export controls pertaining to high-bandwidth memory, semiconductor manufacturing equipment and related items that enable advanced-node integrated circuit production. While the BIS rescinded its *"Framework for AI Diffusion"* in May 2025, there is a possibility of a replacement rule or other similar rules being introduced in the future. In September 2025, the BIS promulgated the new "*Affiliates Rule*", which applied restrictions on exports (and reexports and transfers) to any foreign entity that is at least 50% owned, individually or in the aggregate, by one or more entities named on the Entity List, the Military End-User List, or those designated with certain identifiers on the Specially Designated Nationals List of the Office of Foreign Assets Control. In November 2025, the BIS suspended the application of the *Affiliates Rule* until November 2026.

We are taking appropriate measures to comply with all applicable BIS Rules. Where required, we will apply for export licenses from the BIS to avoid disruption to our customers' operations. Export licenses may be subject to a prolonged review and appeals process, to which there cannot be an assurance as to whether an export license may be granted, granted with conditions or eventually revoked due to subsequent challenge.

Additionally, 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. Sales to our ten largest customers comprised 54.8% and 53.6% of our net revenue for fiscal 2025 and fiscal 2024, 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 and closely understand their present and anticipated utilization rates. 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 cancelled 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.

The cessation of our Electronics Assembly equipment business may adversely affect our business, results of operations and financial condition.

On March 25, 2025, the Board of Directors of the Company approved a strategic plan related to the cessation of the Company's Electronics Assembly ("EA") equipment business. As part of the plan, the Company began the process of winding down the EA equipment business in an effort to prioritize core semiconductor assembly business opportunities and enhance overall through-cycle financial performance. The cessation of the EA equipment business is subject to a consultation process with the applicable works council and union representatives, which the Company initiated in the third fiscal quarter of 2025 and, as of October 4, 2025, had substantially completed. The wind down activities remain ongoing and are expected to be substantially completed by fiscal 2026, after which there will be some service support activities to serve out the remaining customer obligations.

As we work towards the cessation of the EA equipment business, we may discover other facts that could require us to incur additional expenses and/or record additional charges that may be different from our initial expectations. In addition, we may not be able to complete the wind down in all respects or on time, due to factors outside of our control. If actual amounts were to differ from our estimates, or if the full and complete wind down takes longer than expected, our results of operations and financial condition could be materially and adversely affected.

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. We depend on the continued services and performance of our key personnel, including our executive officers. If one or more of our executive officers or other key employees were unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be seriously harmed.

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 engineering, managerial, sales, supply chain, marketing, finance, field service 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, such as the recent departure of our president and chief executive officer on October 28, 2025, 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 hybrid bonding, thermo-compression bonding, flip chip bonding 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, especially our advanced packaging and advanced dispensing 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, emphasis on product safety 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 or relocate 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 or relocate our manufacturing and other facilities or entities. Should we consolidate or relocate, we may experience unanticipated events, including the actions of governments, suppliers, employees, union representatives 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. Most of our facilities operate under permits that must be renewed periodically. A violation of those permits may lead to revocation of the permits, imposition of fines or penalties, or the incurrence of additional capital expenditure 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, especially in jurisdictions outside the U.S. where we continue to operate, have expressed interest in promulgating rules relating to climate change. 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.

In addition, changes in environmental laws and regulations could require us, or others in our value chain, to install additional equipment, alter operations to incorporate new technologies or processes and generally enhance audit, surveillance and compliance measures.

To the extent that higher costs incurred from the above activities 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, 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 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. In fiscal 2024, we performed an independent, limited external assurance of our direct (Scope 1) and purchased energy indirect (Scope 2) greenhouse gas emission data, as well as selected sustainability performance data that included paper usage, water consumption, and waste generated and disposed, under the operational control boundary of seven of our global operational sites, and published such limited external assurance in our sustainability report. However, the identification, assessment, and disclosure of such matters remains 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.

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, technical 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 instance, 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. However, future attempts or breaches might become more pervasive and sophisticated, especially given that threat actors may leverage other means and technologies, including artificial intelligence, to circumvent controls and avoid detection. We devote significant resources to network security and other measures to protect our systems and data from unauthorized access or misuse. However, our cybersecurity risk management, process, protocols and tools, may not be fully implemented or may not completely protect the Company against future cybersecurity incidents. 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.

We are implementing a new enterprise resource planning ("ERP") system and expect the implementation of new systems across our various entities to take longer than initially expected, which may cause us to incur additional costs. Notwithstanding the above, we continue to rely on our existing enterprise resource planning system and have not experienced any disruptions to our business, operations and financial reporting.

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 additional delays or 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, New Taiwan Dollar, South Korean Won, New 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 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"), for example, Pillar Two. While Pillar Two did not have a material tax impact in fiscal 2025, we will continue to monitor new tax legislation and other developments since changes in tax legislation, or in the interpretation of existing legislation, could materially and adversely affect our financial condition and operating results.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was enacted, introducing amendments to U.S. tax laws, including expensing of domestic research and development costs, a limitation on business interest expense, and other tax changes, with effective dates beginning in tax year 2025 (the Company's fiscal year 2026). The Company is still evaluating the impact the tax law changes will have on its future consolidated financial statements. These legislative changes could materially and adversely affect our financial condition and operating results in future periods.

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 51.9 million shares were outstanding as of October 4, 2025. 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:

- 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.

On June 5, 2025, the Board approved an amendment and restatement of our bylaws to declassify the Board and provide for the annual election of all directors, phased in over a four-year period. As a result, at the 2029 annual meeting of shareholders and each annual meeting of shareholders thereafter, all directors will be elected for a one-year term expiring at the next annual meeting of shareholders. Until such time when the above declassification is complete, 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. 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. 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 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We rely on information systems and the data stored on them to conduct our operations. We have adopted and maintain a cybersecurity risk management program, as a subset of our broader enterprise risk management program, which is designed in accordance with our risk profile and business. Our cybersecurity practices are aligned with standard industry frameworks such as the National Institute of Standards and Technology (NIST) Cybersecurity Framework, International Organization for Standardization (ISO) 27001, Center for Internet Security Critical Security Controls and other industry standards.

Our cybersecurity risk management program incorporates multiple components, including, but not limited to, policies, guidelines, procedures, infrastructure, and systems that are designed to protect the confidentiality, integrity and availability of our critical systems and information.

Elements of our cybersecurity risk management process include, but are not limited to, the following:

- Annual cybersecurity risk assessments of critical infrastructure and systems;
- Annual vulnerability scans and penetration testing;
- Mandatory, bi-annual cybersecurity awareness training for all employees, including phishing exercises; and
- An overarching written information security policy and written cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents.

We leverage IT service providers to perform penetration testing and support our cybersecurity awareness training program. We oversee cybersecurity risks related to third-party IT cloud service providers who have access to our systems and data. We require certain IT cloud service providers to complete cloud-based cybersecurity assessments.

We have not identified any cybersecurity incidents or threats that have materially affected us or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. However, like other companies in our industry, we and our third-party vendors have from time to time experienced cybersecurity threats and other security incidents that have affected our information or systems. 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.

For additional information on certain risks associated with cybersecurity, including with respect to prior cybersecurity incidents, please refer to "*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*" in Item 1A: Risk Factors.

Cybersecurity Governance

Our Board of Directors (the "Board") has delegated responsibility for enterprise risk management, including cybersecurity risk oversight, to our Audit Committee (the "Committee"). The Committee receives quarterly information security updates from our Chief Financial Officer and Senior Director of Governance & Information Security (the "Senior Director, GIS"). The Committee in turn reports to the full Board regarding its activities, including those related to cybersecurity, on at least a bi-annual basis.

The Senior Director, GIS, who has been a head of information security for close to 15 years and has more than 27 years of overall experience in IT and cyber security industry, holds a Bachelor of Science in Information Technology from Bina Nusantara University and Master of Business Administration from University of Liverpool.

He receives support from our operational team which comprises cybersecurity, IT, controllership, and legal professionals who regularly review cybersecurity matters and evaluate emerging threats, as well as act as first responders to triage any cybersecurity incidents. In the event of a cybersecurity incident, the Committee and Board receive updates from this team on an ad-hoc basis, if appropriate, under our tiered escalation support framework.

Item 2. PROPERTIES

The following table reflects our major facilities as of October 4, 2025:

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
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
Israel	Haifa	29,000 sq. ft.	Manufacturing and technology center	APS
Taiwan	Taipei	11,000 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 cases arising out of our business. We are party to ordinary, routine litigation incidental to our business. We cannot be assured of the results of any pending or future litigation, but we do not believe resolution of any currently pending matters will have a material adverse effect on our business, financial condition or operating results.

Item 4. MINE SAFETY DISCLOSURES

None.

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." Based on data provided by The Depository Trust Company, on November 17, 2025, the management believes that there were approximately 389 holders of record of the shares of outstanding common stock, as defined by Rule 12g5-1 of the Exchange Act.

On each of August 29, 2025, June 5, 2025, March 6, 2025 and November 13, 2024, the Board of Directors declared a quarterly dividend of $0.205 per share of common stock, resulting in an aggregate dividend of $0.82 per share of common stock for the fiscal year ended October 4, 2025. 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 Annual 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 2026 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 October 4, 2025 (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)
June 29, 2025 to July 26, 2025	185	$ 35.75	185	$ 243,881
July 27, 2025 to August 30, 2025	201	$ 35.19	201	$ 236,802
August 31, 2025 to October 4, 2025	77	$ 39.00	77	$ 233,771
For the three months ended October 4, 2025	463		463	

(1) On August 15, 2017, the Company's Board of Directors authorized the Prior Program, as amended from time to time. Additionally, and as previously announced on November 13, 2024, the Board of Directors authorized the New Program, with the intention that the New Program initiate upon the completion of the Prior Program. Contemporaneously, on December 2, 2024, the Company entered into a new written trading plan under Rule 10b5-1 of the Exchange Act, to facilitate repurchases under the New Program. The plan permits the purchase of up to approximately $300 million of the Company's common stock from December 2, 2024 through December 2, 2029. The New 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 New 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 New 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 2025 and 2024 items and year-to-year comparisons between fiscal 2025 and 2024. Discussions of fiscal 2023 items and year-to-year comparisons between fiscal 2024 and 2023 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 2024 Annual Report filed on November 16, 2024 (the "2024 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 Company's performance obligations relate to contracts with a duration of less than one year, therefore as allowed under ASC 606, we have opted not to disclose the unsatisfied performance obligations for contracts with original expected durations of less than one year.

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.

The Company performed its annual impairment test in the fourth quarter of fiscal 2025 and elected to perform the quantitative impairment test as permitted by ASC 350 for another reporting unit within the "All Others" category and the qualitative impairment assessment for all of its remaining reporting units. Based on the quantitative and qualitative assessments performed, the Company concluded other than the impairment taken on one reporting unit within the APS reportable segment and one reporting unit within the "All Others" category in relation to the cessation of EA Equipment Business, no impairment on the Company's other recorded goodwill was required. The persistent macroeconomic headwinds could, in the future, require changes to assumptions utilized in the determination of the estimated fair values of the reporting units which could result in future goodwill impairment charges. 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. For further information on goodwill and other intangible assets, see "Note 3: Goodwill and Intangible Assets” in the notes to our consolidated financial statements in “Part II, Item 8 — Financial Statements and Supplementary Data”.

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: Shareholders' Equity and Employee Benefit Plans" in the notes to our consolidated financial statements in "Part II, Item 8 — Financial Statements and Supplementary Data" 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: Basis of Presentation" in the notes to our consolidated financial statements in "Part II, Item 8 — Financial Statements and Supplementary Data" 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 2025 and 2024

The following table reflects the loss from operations for fiscal 2025 and 2024:

	Fiscal			
(dollar amounts in thousands)	2025	2024	$ Change	% Change
Net revenue	$ 654,081	$ 706,232	$ (52,151)	(7.4)%
Cost of sales	376,160	437,478	(61,318)	(14.0)%
Gross profit	277,921	268,754	9,167	3.4 %
Selling, general and administrative	167,699	165,564	2,135	1.3 %
Research and development	149,616	151,214	(1,598)	(1.1)%
Impairment charges	39,817	44,472	(4,655)	(10.5)%
Gain relating to cessation of business	(75,987)	—	(75,987)	N/A
Operating expenses	281,145	361,250	(80,105)	(22.2)%
Loss from operations	$ (3,224)	$ (92,496)	$ 89,272	96.5 %

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 2025 and 2024:

	Fiscal	
(in thousands)	2025	2024
Bookings	$ 750,781	$ 430,994

	As of	
(in thousands)	October 4, 2025	September 28, 2024
Backlog	$ 245,280	$ 148,585

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 2025 and beyond.

Net Revenue

Our net revenues for fiscal 2025 decreased as compared to our net revenues for fiscal 2024. The decrease in net revenue is primarily due to lower volume in Ball Bonding Equipment, APS and All Others, partially offset by the higher volumes in Wedge Bonding Equipment and Advanced Solutions as further outlined in the tables presented immediately below.

The following table reflects the net revenue by reportable segment for fiscal 2025 and 2024:

	Fiscal					
(dollar amounts in	2025		2024		$ Change	% Change
	Net Revenue	% of total net	Net Revenue	% of total net revenue		
Ball Bonding Equipment	$ 292,951	44.8 %	$ 357,833	50.7 %	$ (64,882)	(18.1)%
Wedge Bonding Equipment	110,593	16.9 %	105,826	15.0 %	$ 4,767	4.5 %
Advanced Solutions	72,737	11.1 %	52,876	7.5 %	$ 19,861	37.6 %
APS	156,129	23.9 %	160,009	22.7 %	$ (3,880)	(2.4)%
All Others	21,671	3.3 %	29,688	4.1 %	$ (8,017)	(27.0)%
Total net revenue	$ 654,081	100.0 %	$ 706,232	100.0 %	$ (52,151)	(7.4)%

Ball Bonding Equipment

For fiscal 2025, the decrease in Ball Bonding Equipment net revenue as compared to fiscal 2024 was primarily due to a lower volume of customer purchases in the general semiconductor and memory end markets as a result of relatively stable factory utilization levels in certain regions and a decrease in customer investments as a result of uncertainties in the overall macroeconomic environment.

Wedge Bonding Equipment

For fiscal 2025, the increase in Wedge Bonding Equipment net revenue as compared to fiscal 2024 was primarily due to a higher volume of customer purchases primarily in the general semiconductor and partially offset by lower customer purchases in the automotive markets.

Advanced Solutions

For fiscal 2025, the increase in Advanced Solutions net revenue as compared to fiscal 2024 was primarily due to a higher volume of customer purchases in LED which is included in the industrial end market and higher customer purchases in the general semiconductor end market.

APS

For fiscal 2025, the decrease in APS net revenue as compared to fiscal 2024 was primarily due to a lower volume of customer purchases primarily in spares and services, and unfavorable pricing from bonding tools.

All Others

For fiscal 2025, the decrease in net revenue in the “All Others” category as compared to fiscal 2024 was primarily due to a lower volume of customer purchases in the general semiconductor end market.

Gross Profit Margin

The following table reflects the gross profit as a percentage of net revenue by reportable segment for fiscal 2025 and 2024:

	Fiscal		Basis Point
	2025	2024	Change
Ball Bonding Equipment	50.0 %	47.7 %	230
Wedge Bonding Equipment	45.1 %	46.7 %	(160)
Advanced Solutions	58.0 %	(81.8)%	13,980
APS	48.3 %	55.6 %	(730)
All Others	(164.4)%	9.2 %	(17,360)
Total gross profit margin	42.5 %	38.1 %	440

Ball Bonding Equipment

For fiscal 2025, the higher Ball Bonding Equipment gross profit margin as compared to fiscal 2024 was primarily driven by a favorable product mix, including lower sales of lower margin products and a shift in customer mix, including higher sales to customers where we achieve higher average margins.

Wedge Bonding Equipment

For fiscal 2025, the lower Wedge Bonding Equipment gross profit margin as compared to fiscal 2024 was primarily driven by a less favorable product mix, including higher sales of lower margin products and a shift in customer mix, including higher sales to customers where we achieve lower average margins.

Advanced Solutions

For fiscal 2025, the higher Advanced Solutions gross profit margin as compared to fiscal 2024 was primarily driven by the inventory write-down charges in the prior year as a result of the cancellation of Project W and favorable product mix, including higher sales of higher margin products.

APS

For fiscal 2025, the lower APS gross profit margin as compared to fiscal 2024 was primarily driven by the spares related inventory write-down charges incurred as a result of the cessation of the EA equipment business, lower volume from spares and services, and unfavorable pricing from bonding tools.

All Others

For fiscal 2025, the lower All Others gross profit margin as compared to fiscal 2024 was primarily driven by the inventory write-down charges incurred as a result of the cessation of the EA equipment business.

Operating Expenses

The following table reflects the operating expenses for fiscal 2025 and 2024:

	Fiscal			
(dollar amounts in thousands)	2025	2024	$ Change	% Change
Selling, general and administrative	$ 167,699	$ 165,564	$ 2,135	1.3 %
Research and development	149,616	151,214	(1,598)	(1.1)%
Gain relating to cessation of business	(75,987)	—	(75,987)	N/A
Impairment charges	39,817	44,472	(4,655)	(10.5)%
Total	$ 281,145	$ 361,250	$ (80,105)	(22.2)%

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

For fiscal 2025, the higher SG&A expenses as compared to fiscal 2024 was primarily due to $7.8 million higher severance expenses and $3.1 million higher staff costs. This was partially offset by $6.2 million net favorable variance in foreign exchange, $1.6 million lower professional services and $1.2 million lower miscellaneous expenses.

Research and Development ("R&D")

For fiscal 2025, the lower R&D expenses as compared to fiscal 2024 was primarily due to $4.5 million lower prototype materials. This was partially offset by $2.8 million higher staff costs.

Gain relating to cessation of business

For fiscal 2025, the gain relating to cessation of business as compared to fiscal 2024 was primarily due to the $71.1 million reimbursement for certain costs and expenses from Project W cancellation, a $3.2 million gain on the disposal of a subsidiary and a $1.7 million gain from the supplier settlement.

Impairment Charges

For fiscal 2025, the impairment charges were due to $39.9 million impairment charges on long-lived assets, intangible assets and goodwill related to the cessation of the EA equipment business. The impairment charges in fiscal 2024 were due to $44.5 million impairment charges on long-lived assets related to the cancellation of Project W.

Loss from Operations

The changes in income/loss from operations for the respective segments are due to the changes in net revenue, gross profit margin and operating expenses as explained in the respective sections above.

	Fiscal			
(dollar amounts in thousands)	2025	2024	$ Change	% Change
Ball Bonding Equipment	$ 84,430	$ 113,000	$ (28,570)	(25.3)%
Wedge Bonding Equipment	18,387	19,575	(1,188)	(6.1)%
Advanced Solutions	49,411	(155,350)	204,761	131.8 %
APS	28,865	49,744	(20,879)	(42.0)%
All Others	(89,300)	(33,527)	(55,773)	(166.4)%
Corporate Expenses	(95,017)	(85,938)	(9,079)	(10.6)%
Total loss from operations	$ (3,224)	$ (92,496)	$ 89,272	96.5 %

Interest Income and Expense

The following table reflects the interest income and interest expense for fiscal 2025 and 2024:

	Fiscal			
(dollar amounts in thousands)	2025	2024	$ Change	% Change
Interest income	$ 23,834	$ 34,230	$ (10,396)	(30.4)%
Interest expense	$ (134)	$ (89)	$ (45)	(50.6)%

Interest income

For fiscal 2025, the lower interest income as compared to fiscal 2024 was primarily due to lower 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 2025 and 2024:

	Fiscal		
(dollar amounts in thousands)	2025	2024	Change
Provision for income taxes	$ 20,263	$ 10,651	$ 9,612
Effective tax rate	99.0 %	(18.3)%	117.3 %

For fiscal 2025, the increase in provision for income taxes and effective tax rate as compared to fiscal 2024 was primarily due to the tax effects of the cessation of the Company's EA equipment business, the reimbursement from the cancellation of Project W and the reversal of unrecognized tax benefit, all of which were recorded in fiscal 2025, and the tax impact of the one-time charge for cancellation of Project W, and the tax benefit from the U.S. Tax Court opinion in *Varian Medical Systems, Inc. v. Commissioner* related to the U.S. Tax Cuts and Jobs Act of 2017 (“TCJA”) one-time transition tax, both of which were recorded in fiscal 2024.

Please refer to “Note 14: Income Taxes” in the notes to our consolidated financial statements in “Part II, Item 8 — Financial Statements and Supplementary Data” for additional information.

LIQUIDITY AND CAPITAL RESOURCES

The following table reflects the total cash, cash equivalents and short-term investments as of October 4, 2025 and September 28, 2024:

	As of		
(dollar amounts in thousands)	October 4, 2025	September 28, 2024	$ Change
Cash and cash equivalents	$ 215,708	$ 227,147	$ (11,439)
Short-term investments	295,000	350,000	(55,000)
Total cash, cash equivalents, and short-term investments	$ 510,708	$ 577,147	$ (66,439)
Percentage of total assets	46.2%	46.5%	

The following table reflects the summarized Consolidated Statements of Cash Flows information for fiscal 2025 and 2024:

(in thousands)	Fiscal 2025	Fiscal 2024
Net cash provided by operating activities	$ 113,565	$ 31,037
Net cash provided by (used in) investing activities	27,663	(138,501)
Net cash used in financing activities	(153,072)	(196,100)
Effect of exchange rate changes on cash and cash equivalents	405	1,309
Changes in cash and cash equivalents	$ (11,439)	$ (302,255)
Cash and cash equivalents, beginning of period	227,147	529,402
Cash and cash equivalents, end of period	$ 215,708	$ 227,147

Fiscal 2025

The net cash provided by operating activities was primarily due to non-cash adjustments to net income of $121.9 million and a net income of $0.2 million, partially offset by a net unfavourable change in operating assets and liabilities of $8.6 million. The non-cash adjustments were primarily due to impairment charges of $39.8 million and an inventory write-down of $31.5 million as a result of the cessation of the EA equipment business. The net change in operating assets and liabilities was primarily driven by an increase in inventories of $26.1 million after excluding the impact of the inventory write-down of $31.5 million, a decrease in income tax payable of $14.2 million and an increase in prepaid expenses and other current assets of $2.3 million. This was partially offset by a decrease in accounts and other receivable of $10.1 million and a net increase in accounts payable, accrued expenses and other liabilities of $24.1 million.

The increase in inventories was due to the buildup of long lead time materials to fulfill certain customer purchase orders. The decrease in income tax payable was primarily due to the current year payment of the U.S. one-time transition tax. The increase in prepaid expenses and other current assets was mainly due to higher prepayments to suppliers. The decrease in accounts and other receivable was mainly due to lower sales for the year. The net increase in accounts payable, accrued expenses and other liabilities was primarily due to higher accrued employee termination benefits and adverse purchase commitments.

Net cash provided by investing activities was due to net maturity of short-term investments of $55.0 million and net cash received from the disposal of a subsidiary of $2.5 million, partially offset by capital expenditures of $17.2 million, investment in debt securities of $10.0 million and investment in a private equity fund of $2.9 million.

Net cash used in financing activities was primarily due to common stock repurchases of $97.1 million and dividend payments of $54.1 million.

Fiscal 2024

Net cash provided by operating activities consisted of net loss of $69.0 million, non-cash adjustments of $179.3 million and a net unfavourable change in operating assets and liabilities of $79.2 million. The non-cash adjustments were primarily due to impairment charges of $44.5 million and inventory write-down of $57.3 million as a result of the cancellation of the Project. The net change in operating assets and liabilities was primarily driven by an increase in accounts and notes receivable of $34.7 million, an increase in inventories of $31.5 million, and a decrease in income tax payable of $17.7 million. This was partially offset by a decrease in prepaid expenses and other current assets of $9.1 million.

The increase in accounts and other receivable was primarily due to the timing of payments due. The increase in inventories was due to the buildup of long lead time materials to fulfill certain customer purchase orders. The decrease in income tax payable is primarily due to the current year payment of the U.S. one-time transition tax and tax benefit from the U.S. Tax Court opinion in *Varian Medical Systems, Inc. v. Commissioner*. The decrease in prepaid expenses was mainly due the transfer of contract assets to net account receivables.

The net cash used in investing activities was due to net purchase of short-term investments of $120.0 million, capital expenditures of $16.1 million and investment in a private equity fund of $2.4 million.

The net cash used in financing activities was primarily due to common stock repurchases of $150.8 million and dividend payments of $44.2 million.

Fiscal 2026 Liquidity and Capital Resource Outlook

We expect our fiscal 2026 capital expenditures to be between $8.0 million and $12.0 million. The actual amounts for fiscal 2026 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, ongoing 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 tensions in the Middle East and the prolonged Ukraine/Russia conflict, and other factors, some of which are beyond our control.

As of October 4, 2025 and September 28, 2024, approximately $414.3 million and $302.6 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 and cash generated by foreign operating activities. We believe these sources of cash and liquidity are sufficient to meet our additional liquidity needs for the foreseeable future, including payment of dividends, share repurchases and income taxes.

We believe that our existing cash, cash equivalents, short-term investments 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 tensions in the Middle East 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 tensions in the Middle East 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 a program to repurchase up to $100 million of the Company’s common stock on or before August 1, 2020. In 2018, 2019, 2020 and 2022, the Board of Directors increased the share repurchase authorization to $200 million, $300 million, $400 million and $800 million, respectively, and extended its duration through August 1, 2025 (the "Prior Program").

During the three months ended December 28, 2024, the Company repurchased a total of approximately 657.0 thousand shares of common stock under the Prior Program at a cost of approximately $30.3 million. On December 2, 2024, the Company announced that it had completed share repurchases under the Prior Program.

Additionally, as announced on November 13, 2024, the Board of Directors authorized a new share repurchase program to repurchase up to $300 million of the Company's common stock (the "New Program"). On December 2, 2024, the Company entered into a new written trading plan under Rule 10b5-1 of the Exchange Act, to facilitate repurchases under the New Program. The plan permits the purchase of up to approximately $300 million of the Company’s common stock from December 2, 2024 through December 2, 2029. The New 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 New 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 New Program depend on market conditions as well as corporate and regulatory considerations.

During the fiscal year ended October 4, 2025, the Company repurchased a total of approximately 1,785.0 thousand shares of common stock under the New Program at a cost of approximately $66.2 million.

The stock repurchases were recorded in the periods the repurchased shares 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 October 4, 2025, our remaining stock repurchase authorization under the New Program was approximately $233.8 million.

Dividends

On August 29, 2025, June 5, 2025, March 6, 2025 and November 13, 2024, the Board of Directors declared a quarterly dividend of $0.205 per share of common stock, resulting in an aggregate dividend of $0.82 per share of common stock for the fiscal year ended October 4, 2025. 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 October 4, 2025 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 October 4, 2025, the Company had deferred tax liabilities of $35.5 million and unrecognized tax benefit recorded within the income tax payable for uncertain tax positions of $18.4 million, including related accrued interest of $3.1 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 October 4, 2025:

		Payments due in			
(in thousands)	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Inventory purchase obligations [1]	$ 177,305	177,305	—	—	—
U.S. one-time transition tax payable [2] (reflected on our Consolidated Balance Sheets)	11,811	11,811	—	—	—
Total	$ 189,116	$ 189,116	$ —	—	—

(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.

On June 6, 2025, the Company terminated the Facility Agreements with the Bank. As of the date of termination, there were no outstanding amounts under the Overdraft Facility. In addition, the Company did not incur any early termination penalties in connection with the termination of the Facility Agreements.

As of October 4, 2025, other than the bank guarantee disclosed in "Note 10: Debt and Other Obligations" in the notes to our consolidated financial statements in "Part II, Item 8 — Financial Statements and Supplementary Data", 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 on us of changes in interest rates and credit ratings of issuers are limited and would not have a material impact on our financial condition or results of operations.

Foreign Currency Risk

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

Based on our foreign currency exposure as of October 4, 2025, a 10.0% fluctuation could impact our financial position, results of operations or cash flows by $6.0 million to $7.0 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 $50.0 million outstanding as of October 4, 2025.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

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 October 4, 2025 and September 28, 2024, 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 October 4, 2025, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended October 4, 2025 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 October 4, 2025, 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 October 4, 2025 and September 28, 2024, and the results of its operations and its cash flows for each of the three years in the period ended October 4, 2025 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 October 4, 2025, 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.

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 $160.2 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 20, 2025

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

KULICKE AND SOFFA INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)

	As of	
	October 4, 2025	September 28, 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 215,708	$ 227,147
Short-term investments	295,000	350,000
Accounts and other receivable, net of allowance for doubtful accounts of $— and $49, respectively	183,538	193,909
Inventories, net	160,225	177,736
Prepaid expenses and other current assets	47,064	46,161
TOTAL CURRENT ASSETS	901,535	994,953
Property, plant and equipment, net	58,993	64,823
Operating right-of-use assets	32,193	35,923
Goodwill	69,522	89,748
Intangible assets, net	5,600	25,239
Deferred tax assets	16,109	17,900
Equity investments	6,978	3,143
Investment in debt securities	10,000	—
Other assets	3,412	8,433
TOTAL ASSETS	1,104,342	$ 1,240,162
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 57,178	$ 58,847
Operating lease liabilities	6,178	7,718
Accrued expenses and other current liabilities	97,786	90,802
Income taxes payable	27,029	26,427
TOTAL CURRENT LIABILITIES	188,171	183,794
Deferred tax liabilities	35,533	34,594
Income taxes payable	16,580	31,352
Operating lease liabilities	32,372	33,245
Other liabilities	10,195	13,168
TOTAL LIABILITIES	$ 282,851	$ 296,153
Commitments and contingent liabilities (Note 16)		
SHAREHOLDERS' EQUITY		
Preferred stock, without par value: Authorized 5,000 shares; issued - none	$ —	$ —
Common stock, without par value: Authorized 200,000 shares; issued 85,364 and 85,364, respectively; outstanding 51,920 and 53,854 shares, respectively	620,043	596,703
Treasury stock, at cost, 33,444 and 31,510 shares, respectively	(974,202)	(881,830)
Retained earnings	1,199,500	1,242,558
Accumulated other comprehensive loss	(23,850)	(13,422)
TOTAL SHAREHOLDERS' EQUITY	$ 821,491	$ 944,009
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,104,342	$ 1,240,162

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		
	2025	2024	2023
Net revenue	$ 654,081	$ 706,232	$ 742,491
Cost of sales	376,160	437,478	383,836
Gross profit	277,921	268,754	358,655
Selling, general and administrative	167,699	165,564	152,982
Research and development	149,616	151,214	144,701
Gain relating to cessation of business	(75,987)	—	—
Impairment charges	39,817	44,472	21,535
Operating expenses	281,145	361,250	319,218
(Loss) / Income from operations	(3,224)	(92,496)	39,437
Interest income	23,834	34,230	32,906
Interest expense	(134)	(89)	(142)
Income / (Loss) before income taxes	20,476	(58,355)	72,201
Provision for income taxes	20,263	10,651	15,053
Net income / (loss)	$ 213	$ (69,006)	$ 57,148
Net income / (loss) per share:			
Basic	$ 0.004	$ (1.24)	$ 1.01
Diluted	$ 0.004	$ (1.24)	$ 0.99
Weighted average shares outstanding:			
Basic	52,955	55,613	56,682
Diluted	53,193	55,613	57,548

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		
	2025	2024	2023
Net income / (loss)	$ 213	$ (69,006)	$ 57,148
Other comprehensive (loss) / income:			
Foreign currency translation adjustment	(8,908)	6,917	9,676
Net changes in pension plan, net of tax	(84)	(821)	(49)
Net (decrease) / increase from derivatives designated as hedging instruments, net of tax	(1,436)	2,244	1,511
Total other comprehensive (loss) / income	(10,428)	8,340	11,138
Comprehensive (loss) / income	$ (10,215)	$ (60,666)	$ 68,286

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					
	Outstanding Shares	Amount	Treasury Stock	Retained earnings	Accumulated Other Comprehensive (loss) /	Shareholders' Equity
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 expense	—	21,744	—	—	—	21,744
Cash dividend declared ($0.19 per share)	—	—	—	(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
Issuance of stock for services rendered	25	434	242	—	—	676
Repurchase of common stock	(3,221)	—	(150,791)	—	—	(150,791)
Issuance of shares for equity-based compensation	740	(7,090)	7,090	—	—	—
Excise tax	—	—	(1,157)	—	—	(1,157)
Equity-based compensation expense	—	25,632	—	—	—	25,632
Cash dividend declared ($0.20 per share)	—	—	—	(44,246)	—	(44,246)
Components of comprehensive income:						
Net loss	—	—	—	(69,006)	—	(69,006)
Other comprehensive income	—	—	—	—	8,340	8,340
Total comprehensive income	—	—	—	(69,006)	8,340	(60,666)
Balances as of September 28, 2024	53,854	$596,703	$ (881,830)	$1,242,558	$ (13,422)	$ 944,009
Issuance of stock for services rendered	29	917	253	—	—	1,170
Repurchase of common stock	(2,443)	—	(96,480)	—	—	(96,480)
Issuance of shares for equity-based compensation	480	(4,933)	4,599	—	—	(334)
Excise tax	—	—	(744)	—	—	(744)
Equity-based compensation	—	27,356	—	—	—	27,356
Cash dividend declared ($0.205 per share)	—	—	—	(43,271)	—	(43,271)
Components of comprehensive income						
Net income	—	—	—	213	—	213
Other comprehensive loss	—	—	—	—	(10,428)	(10,428)
Total comprehensive income / (loss)	—	—	—	213	(10,428)	(10,215)
Balances as of October 4, 2025	51,920	$620,043	$ (974,202)	$1,199,500	$ (23,850)	$ 821,491

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		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income / (loss)	$ 213	$ (69,006)	$ 57,148
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	17,974	24,735	28,857
Impairment charges	39,817	44,472	21,535
Equity-based compensation	28,526	26,891	22,744
Adjustment for doubtful accounts	(49)	—	49
Adjustment for inventory valuation	44,868	69,811	5,214
Deferred taxes	2,745	11,374	(4,478)
(Gain) Loss disposal of property, plant and equipment	(196)	72	(499)
(Gain) Loss on disposal of a subsidiary	(3,154)	—	—
Unrealized fair value changes on equity investment	(959)	(47)	323
Unrealized foreign currency transactions	(7,662)	1,944	85
Changes in operating assets and liabilities, net of businesses acquired or sold:			
Accounts and other receivable	10,058	(34,707)	152,667
Inventories	(26,097)	(31,511)	(35,755)
Prepaid expenses and other current assets	(2,264)	9,073	8,619
Accounts payable, accrued expenses and other current liabilities	24,124	185	(52,333)
Income taxes payable	(14,174)	(17,669)	(29,312)
Other, net	(205)	(4,580)	(1,460)
Net cash provided by operating activities	$ 113,565	$ 31,037	$ 173,404
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of business	—	—	(36,881)
Disposal of a subsidiary, net of cash disposed of	2,535	—	—
Purchases of property, plant and equipment	(17,203)	(16,148)	(44,406)
Proceeds from sales of property, plant and equipment	207	27	591
Investment in private equity fund	(2,876)	(2,380)	(642)
Investment in debt securities	(10,000)	—	—
Purchase of short-term investments	(585,000)	(690,000)	(595,000)
Maturity of short-term investments	640,000	570,000	585,000
Net cash provided by (used in) investing activities	$ 27,663	$ (138,501)	$ (91,338)

KULICKE AND SOFFA INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)

(in thousands)

	Fiscal		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment for finance lease	(412)	(564)	(629)
Repurchase of common stock/treasury stock	(97,105)	(150,791)	(69,210)
Payments related to tax on vested equity compensation	(334)	(583)	—
Payment of excise tax for share repurchases	(1,156)	—	—
Common stock cash dividends paid	(54,065)	(44,162)	(42,037)
Net cash used in financing activities	$ (153,072)	$ (196,100)	$ (111,876)
Effect of exchange rate changes on cash and cash equivalents	405	1,309	3,675
Changes in cash and cash equivalents	(11,439)	(302,255)	(26,135)
Cash and cash equivalents at beginning of period	227,147	529,402	555,537
Cash and cash equivalents at end of period	$ 215,708	$ 227,147	529,402
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:			
Property, plant and equipment included in accounts payable and accrued expenses	—	—	3,000
Lease liabilities arising from obtaining right-of-use assets	5,552	—	—
CASH PAID FOR:			
Interest	$ 134	$ 89	142
Income taxes, net of refunds	$ 23,739	$ 22,787	56,254

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

NOTE 1. BASIS OF PRESENTATION

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

Fiscal Year

Each of the Company’s first three fiscal quarters end on the Saturday that is 13 weeks after the end of the immediately preceding fiscal quarter. The fourth quarter of each fiscal year ends on the Saturday closest to September 30. In fiscal years consisting of 53 weeks, the fourth quarter will consist of 14 weeks. The 2025, 2024, 2023 fiscal years ended on October 4, 2025, September 28, 2024, September 30, 2023.

Nature of Business

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

On March 25, 2025, the Board of Directors of the Company approved a strategic plan related to the cessation of the Company's Electronics Assembly ("EA") equipment business. As part of the plan, the Company began the process of winding down the EA equipment business in an effort to prioritize core semiconductor assembly business opportunities and enhance overall through-cycle financial performance. The cessation of the EA equipment business is subject to a consultation process with the applicable works council and union representatives, which the Company initiated in the third fiscal quarter of 2025 and, as of October 4, 2025, has substantially completed. The wind down activities remains ongoing and are expected to be substantially completed by fiscal 2026, after which there will be some service support activities to serve out the remaining customer obligations. For additional information, see Note 17: Cessation of Business.

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 and inventory valuation, carrying value and lives of fixed assets, goodwill and intangible assets, accrual for customer credit programs, the valuation estimates and assessment of impairment and observable price adjustments, income taxes, equity-based compensation expense, accrual for employee termination benefits and warranties. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable. As a result, management makes judgments regarding the carrying values of the Company's assets and liabilities that are not readily apparent from other sources. Authoritative pronouncements, historical experience and assumptions are used as the basis for making estimates, and on an ongoing basis, management evaluates these estimates. Actual results may differ from these estimates.

In light of macroeconomic headwinds, there has been uncertainty and disruption in the global economy and financial markets. The Company is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of October 4, 2025. While there was no material impact from macroeconomic headwinds to our consolidated financial statements as of and for the year ended October 4, 2025, these estimates may change, as new events occur and additional information is obtained, including factors related to these headwinds, that could materially impact our consolidated financial statements in future reporting periods.

Vulnerability to Certain Concentrations

Financial instruments which may subject the Company to concentrations of credit risk as of October 4, 2025 and September 28, 2024 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 (loss) / income). 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 and to date has not been material.

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 and Singapore. 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 (loss) / income 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 Statements of Operations as the impact of the hedged transaction. Derivatives that we designate as cash flow hedges are classified in the Consolidated Statements 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.

If it is probable that the forecasted transaction will no longer occur, the cumulative unrealized gain or loss on the related derivative is reclassified from accumulated other comprehensive (loss) / income 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.

Debt Securities

Management classifies investments as available-for-sale or held-to-maturity at the time of purchase and re-evaluates such designation at each balance sheet date, although classification is not generally changed. Securities are classified as held-to-maturity when the Company has the positive intent and the ability to hold the securities until maturity. Held-to-maturity securities are carried at cost adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization, as well as any interest on the securities, is included in interest income. The securities are subjected to the current expected credit losses (CECL) impairment model, which requires the immediate recognition of estimated expected credit losses over the life of the financial instrument. The estimate of expected credit losses considers not only historical information, but also current and future economic conditions and events. No expected credit loss was recognized during the fiscal year.

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.

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. 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 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.

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. Other than the triggering event related to the cessation of the Electronics Assembly ("EA") equipment business for the fiscal year ended October 4, 2025 and the cancellation of Project W for the fiscal year ended September 28, 2024, which resulted in impairment charges as disclosed in Note 17, no other triggering events occurred that would require the Company to perform additional impairment reviews.

Accounting for Impairment of Goodwill and Other Intangible Assets

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. For goodwill, 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 3 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 2025.

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 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 2025, 2024 and 2023, 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 Company's performance obligations relate to contracts with a duration of less than one year, therefore as allowed under ASC 606, we have opted not to disclose the unsatisfied performance obligations for contracts with original expected durations of less than one year.

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.

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 Shareholders' Equity and Employee Benefit Plans 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.

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

Disclosure Improvements

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

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting* (Topic 280): Improvements to Reportable Segment Disclosure, which aims to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments in the ASU enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable investors to better understand an entity's overall performance and assess potential future cash flows. This ASU is effective for the Company's fiscal year 2025, and interim periods within the fiscal years beginning after the Company’s fiscal year 2026. Early adoption is permitted. See Note 15: Segment Information for the required disclosures.

Income Taxes

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

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03 *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* (Topic 220): Disaggregation of Income Statement Expenses. This ASU requires disclosure of certain expenses in the notes to the financial statements. This ASU will be effective for the Company's fiscal year 2028 on a prospective basis, with retrospective application permitted. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

NOTE 2. BALANCE SHEET COMPONENTS

Components of significant balance sheet accounts as of October 4, 2025 and September 28, 2024 are as follows:

	As of	
(in thousands)	October 4, 2025	September 28, 2024
Inventories, net:		
Raw materials and supplies	$ 111,957	$ 113,119
Work in process	45,725	43,023
Finished goods	73,045	53,378
	230,727	209,520
Inventory reserves [1]	(70,502)	(31,784)
	$ 160,225	$ 177,736
Property, plant and equipment, net: [1] [2]		
Land	$ 2,182	$ 2,182
Buildings and building improvements	29,711	23,951
Leasehold improvements	33,793	44,682
Data processing equipment and software	37,987	37,917
Machinery, equipment, furniture and fixtures	104,459	105,548
Construction in progress	5,540	10,060
	213,672	224,340
Accumulated depreciation	(154,679)	(159,517)
	$ 58,993	$ 64,823
Accrued expenses and other current liabilities:		
Accrued customer obligations [3]	$ 33,414	$ 31,014
Wages and benefits	35,175	28,942
Dividend payable	—	10,794
Commissions and professional fees	5,266	4,654
Accrued leasehold renovations	395	6,476
Accrued adverse purchase commitments [1]	7,658	1,836
Severance [1]	12,285	2,407
Other	3,593	4,679
	$ 97,786	$ 90,802

(1) Please see Note 17: Cessation of Business for more information on the wind down charges and impairments related to the cessation of the EA equipment business, as well as employee termination costs related to restructuring.

(2) Certain balances previously presented as Accumulated impairment as of September 28, 2024 have been reclassified to conform to the current period presentation. These reclassifications have no impact to the consolidated financial statements in the fiscal period.

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

NOTE 3. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Intangible assets classified as goodwill are not amortized. The goodwill established in connection with our acquisitions represents the estimated future economic benefits arising from the assets we acquired that did not qualify to be identified and recognized individually. The goodwill also includes 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.

Impairment pertaining to the Lithography reporting unit in fiscal 2023

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.

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.

Impairment pertaining to the reporting units within APS and "All Others" category in fiscal 2025

During the fiscal year ended October 4, 2025, 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. In the quarter ended March 29, 2025, the Company concluded that a triggering event had occurred in connection with one reporting unit within the APS reportable segment and one reporting unit within the "All Others" category. The triggering event occurred based on the approval of the strategic plan related to the cessation of the EA equipment business. In view of the cessation of the EA equipment business and the related reduction in revenue and future cash flow for the reporting units, the Company performed a qualitative assessment and determined that it is more likely than not that this will reduce the fair value of the impacted reporting units below their carrying amount.

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, not to exceed the amount of goodwill assigned to the reporting unit. Accordingly, the Company performed a quantitative impairment test and estimated the fair value of each reporting unit to be less than its carrying value.

The Company used a discounted cash flow model to determine the fair value of each reporting unit within the APS reportable segment and "All Others" category respectively, and as such they were classified as Level 3 assets in the fair value hierarchy. The cash flow projections used within the discounted cash flow models were prepared using the forecasted financial results of each reporting unit, which was based upon the underlying assumption that future revenue and cash flows will diminish once the cessation of business is completed. Significant assumptions used to determine the fair value of the respective reporting units include revenue forecasts, a terminal growth rate of 2.5%, working capital, tax rate and a weighted average cost of capital (discount rate) of 12.6%. Please refer to Note 17: Cessation of Business for further information on the cessation of business. As a result, a goodwill impairment charge, which is a non-cash charge that represents the entire goodwill assigned to the respective reporting units, of $19.2 million within the APS reportable segment and "All Others" category has been recorded and reflected in the Company's Consolidated Statements of Operations for the fiscal year ended October 4, 2025.

The Company performed its annual impairment test in the fourth quarter of fiscal 2025 and elected to perform the quantitative impairment test as permitted by ASC 350 for another reporting unit within the "All Others" category and the qualitative impairment assessment for all of its remaining reporting units. Based on the quantitative and qualitative assessments performed, the Company concluded that no impairment on the Company's recorded goodwill was required in addition to the impairment recorded in the quarter ended March 29, 2025.

The following table summarizes the changes in the Company's recorded goodwill based on its reportable segments as of October 4, 2025 and September 28, 2024:

(in thousands)		Wedge Bonding Equipment	APS	All Others	Total
Balance at September 30, 2023		18,280	26,109	44,284	88,673
Other		—	159	916	1,075
Balance at September 28, 2024	(1)	18,280	26,268	45,200	89,748
Goodwill impairment		—	(2,850)	(16,348)	$ (19,198)
Other		—	(152)	(876)	$ (1,028)
Balance at October 4, 2025	(1)	18,280	23,266	27,976	69,522

(1) Cumulative goodwill impairment as of September 28, 2024 and October 4, 2025 was approximately $45.0 million and $64.2 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.

Impairment pertaining to the Lithography reporting unit in fiscal 2023

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.

Impairment pertaining to the cessation of EA equipment business in fiscal 2025

In connection with the cessation of the EA equipment business, the Company recorded an impairment charge of $15.7 million on the developed technology reported within the APS reportable segment and "All Others" category in the fiscal year ended October 4, 2025. The impairment of intangible assets is a non-cash charge which has been reflected in the Consolidated Statements of Operations for the fiscal year ended October 4, 2025.

The following table reflects net intangible assets as of October 4, 2025 and September 28, 2024:

(dollar amounts in thousands)	Average estimated useful lives (in years)	As of October 4, 2025 Gross carrying amount	Accumulated amortization	Net amount	As of September 28, 2024 Gross carrying amount	Accumulated amortization	Net amount
Developed technology	7.0 to 8.0	$ 37,461	$ (34,576)	$ 2,885	$ 83,401	$ (61,575)	$ 21,826
Customer relationships	5.0 to 8.0	$ 21,430	$ (19,988)	$ 1,442	$ 37,625	$ (35,916)	$ 1,709
Trade and brand name	8.0	$ 4,600	$ (4,600)	$ —	$ 7,272	$ (7,272)	$ —
Other intangible assets	1.0 to 8.0	$ 5,618	$ (4,804)	$ 814	$ 5,617	$ (4,372)	$ 1,245
In-process research and development	N.A	$ 459	$ —	$ 459	$ 459	$ —	$ 459
Total		$ 69,568	$ (63,968)	$ 5,600	$ 134,374	$ (109,135)	$ 25,239

The following table reflects estimated annual amortization expense related to intangible assets as of October 4, 2025:

(in thousands)	As of October 4, 2025
Fiscal 2026	1,250
Fiscal 2027	1,013
Fiscal 2028	922
Fiscal 2029	922
Fiscal 2030	922
Thereafter	571
Total amortization expense	5,600

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

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

Cash, cash equivalents, and short-term investments consisted of the following as of October 4, 2025:

(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Current assets:				
Cash	$ 40,570	$ —	$ —	$ 40,570
Cash equivalents:				
Mutual Funds (1)	163,517	136	—	163,653
Time deposits (2)	11,485	—	—	11,485
Total cash and cash equivalents	$ 215,572	$ 136	$ —	$ 215,708
Short-term investments:				
Time deposits (2)	295,000	—	—	295,000
Total short-term investments	$ 295,000	$ —	$ —	$ 295,000
Total cash, cash equivalents, restricted cash, and short-term investments	$ 510,572	$ 136	$ —	$ 510,708

(1) Mutual funds held by the Company include Money Market Funds and Ultra-Short Funds. 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) The fair value of the short-term investments approximates cost basis and is categorized within Level 2 of the fair value hierarchy due to the use of observable market inputs, including benchmark yields and credit spreads. The Company did not recognize any realized gains or losses on the sale of investments during the fiscal year ended October 4, 2025.

Cash, cash equivalents and short-term investments consisted of the following as of September 28, 2024:

(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Current assets:				
Cash	$ 26,800	$ —	$ —	$ 26,800
Cash equivalents:				
Mutual Funds (1)	157,590	89	—	157,679
Time deposits (2)	42,668	—	—	42,668
Total cash and cash equivalents	$ 227,058	$ 89	$ —	$ 227,147
Short-term investments:				
Time deposits (2)	350,000	—	—	350,000
Total short-term investments	$ 350,000	$ —	$ —	$ 350,000
Total cash, cash equivalents, restricted cash, and short-term investments	$ 577,058	$ 89	$ —	$ 577,147

(1) Mutual funds held by the Company include Money Market Funds. 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) The fair value of the short-term investments approximates cost basis and is categorized within Level 2 of the fair value hierarchy due to the use of observable market inputs, including benchmark yields and credit spreads. The Company did not recognize any realized gains or losses on the sale of investments during the fiscal year ended September 28, 2024.

NOTE 5. EQUITY INVESTMENTS

Equity investments consisted of the following as of October 4, 2025 and September 28, 2024:

	As of	
(in thousands)	October 4, 2025	September 28, 2024
Non-marketable equity securities	$ 6,978	$ 3,143

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 otherwise 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 and has not been classified in the fair value hierarchy. As of October 4, 2025, the Company has funded $6.3 million into the affiliated investment fund and recognized a cumulative unrealized fair value gain of $0.7 million. The Company has recorded the amount of funded capital that has been called as an equity investment.

NOTE 6. INVESTMENT IN DEBT SECURITIES

Debt securities have been classified in the Consolidated Balance Sheets according to management's intent. Investment in debt securities consisted of the following as of October 4, 2025 and September 28, 2024:

	As of	
(in thousands)	October 4, 2025	September 28, 2024
Held-to-maturity debt securities	10,000	—

The Company classifies its investment in debt securities as held-to-maturity, which were carried at amortized cost. Although held-to-maturity securities are recorded at amortized cost, the Company discloses the fair value in accordance with ASC 825-10. The fair value of the investment approximates cost basis and are categorized within Level 2 of the fair value hierarchy due to the use of observable market inputs, including benchmark yields and credit spreads.

Maturity of debt securities as of October 4, 2025 were as follows:

		Maturity grouping			
(in thousands)	Total	Within 1 year	1 - 5 years	5 - 10 years	After 10 years
Held-to-maturity debt securities	$ 10,000	—	$ 10,000	—	—
Total	$ 10,000	$ —	$ 10,000	$ —	$ —

The Company did not recognize any unrealized gains or losses during the fiscal year ended October 4, 2025.

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 as described in Note 4: Cash, Cash Equivalents, And Short-term Investments, Note 5: Equity Investments on a recurring basis. There were no transfers between fair value measurement levels during the fiscal years ended October 4, 2025 and September 28, 2024.

Fair Value Measurements on a Nonrecurring Basis

Our non-financial assets such as intangible assets and property, plant and equipment are carried at cost unless impairment is deemed to have occurred. Please refer to Note 3: Goodwill and Intangible Assets for further information on the fair value measurement of assets relating to the cessation of the EA equipment business.

Fair Value of Financial Instruments

Amounts reported as accounts receivables, prepaid expenses and other current assets, investment in debt securities, 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 local currencies, primarily in Singapore.

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

The fair value of derivative instruments on our Consolidated Balance Sheets as of October 4, 2025 and September 28, 2024 were as follows:

	As of			
	October 4, 2025		September 28, 2024	
(in thousands)	Notional Amount	Fair Value Asset Derivatives (1)	Notional Amount	Fair Value Asset Derivatives (1)
Derivatives designated as hedging instruments:				
Foreign exchange forward contracts (2)	$ 49,974	$ 85	$ 46,234	$ 1,521
Total derivatives	$ 49,974	$ 85	$ 46,234	$ 1,521

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

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

The effects of derivative instruments designated as cash flow hedges in our Consolidated Statements of Comprehensive Income for the fiscal years ended October 4, 2025 and September 28, 2024 were as follows:

		Fiscal		
(in thousands)		2025	2024	2023
Foreign exchange forward contract in cash flow hedging relationships:				
Net (loss)/gain recognized in OCI, net of tax	(1)	$ (1,022)	$ 1,799	$ 2,381
Net (loss)/gain reclassified from accumulated OCI into income, net of tax	(2)	$ 414	$ (445)	$ 870

(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 October 4, 2025, there were no options to extend the lease which was recognized as a right-of-use ("ROU") asset, or a lease liability. We have lease agreements with lease and non-lease components, and non-lease components are accounted for separately and not included in our leased assets and corresponding liabilities. We have elected not to present short-term leases on the Consolidated Balance Sheets as these leases have a lease term of 12 months or less at lease inception.

Operating leases are included in operating ROU assets, current operating lease liabilities and non-current operating lease liabilities, and finance leases are included in property, plant and equipment, accrued expenses and other current liabilities, and other liabilities on the Consolidated Balance Sheets. As of October 4, 2025 and September 28, 2024, our finance leases were not material.

The following table shows the components of lease expense:

(in thousands)	Fiscal		
	2025	2024	2023
Operating lease expense [(1)]	$ 9,221	$ 10,015	$ 10,746

(1) Operating lease expense includes short-term lease expense and variable lease expenses, which is immaterial for the fiscal years ended October 4, 2025, September 28, 2024 and 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 lease liabilities, and, as such, are excluded from the amounts below:

(in thousands)	Fiscal		
	2025	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash outflows from operating leases	$ 10,517	$ 9,612	$ 9,314

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

	As of	
	October 4, 2025	September 28, 2024
Operating leases:		
Weighted-average remaining lease term *(in years)*:	6.6	7.3
Weighted-average discount rate:	6.9 %	7.2 %

Future lease payments, excluding short-term leases, as of October 4, 2025, are detailed as follows:

	Operating Leases
Fiscal 2026	$ 8,714
Fiscal 2027	7,577
Fiscal 2028	6,927
Fiscal 2029	6,646
Fiscal 2030	5,209
Thereafter	13,522
Total minimum lease payments	48,595
Less: Interest	$ 10,045
Present value of lease obligations	$ 38,550
Less: Current portion	$ 6,178
Long-term portion of lease obligations	$ 32,372

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 October 4, 2025, the credit facility remains unutilized and no liability has been recognized on the Consolidated Balance Sheets.

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.

On June 6, 2025, the Company terminated the Facility Agreements with the Bank. As of the date of termination, there were no outstanding amounts under the Overdraft Facility. In addition, the Company did not incur any early termination penalties in connection with the termination of the Facility Agreements.

NOTE 11. SHAREHOLDERS’ EQUITY AND EMPLOYEE BENEFIT PLANS

Share Repurchase Program

On August 15, 2017, the Company’s Board of Directors authorized a program to repurchase up to $100 million of the Company’s common stock on or before August 1, 2020. In 2018, 2019, 2020 and 2022, the Board of Directors increased the share repurchase authorization to $200 million, $300 million, $400 million and $800 million, respectively, and extended its duration through August 1, 2025 (the "Prior Program").

During the three months ended December 28, 2024, the Company repurchased a total of approximately 657.0 thousand shares of common stock under the Prior Program at a cost of approximately $30.3 million. During the fiscal year ended September 28, 2024, the Company repurchased a total of approximately 3,221.0 thousand shares of common stock under the Prior Program at a cost of approximately $151.0 million. On December 2, 2024, the Company announced that it has completed share repurchases under the Prior Program.

Additionally, as announced on November 13, 2024, the Board of Directors authorized a new share repurchase program to repurchase up to $300 million of the Company's common stock (the "New Program"). On December 2, 2024, the Company entered into a new written trading plan under Rule 10b5-1 of the Exchange Act, to facilitate repurchases under the New Program. The plan permits the purchase of up to approximately $300 million of the Company’s common stock from December 2, 2024 through December 2, 2029. The New 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 New 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 New Program depend on market conditions as well as corporate and regulatory considerations.

During the fiscal year ended October 4, 2025, the Company repurchased a total of approximately 1,785.0 thousand shares of common stock under the New Program at a cost of approximately $66.2 million.

The stock repurchases were recorded in the periods the repurchased shares 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 October 4, 2025, our remaining stock repurchase authorization under the New Program was approximately $233.8 million.

Dividends

On August 29, 2025, June 5, 2025, March 6, 2025 and November 13, 2024, the Board of Directors declared a quarterly dividend of $0.205 per share of common stock, resulting in an aggregate dividend of $0.82 per share of common stock for the fiscal year ended October 4, 2025. For the fiscal year ended September 28, 2024, the Board of Directors declared a quarterly dividend of $0.20 per share of common stock, resulting in an aggregate dividend of $0.80 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 (Loss) / Income

Changes in accumulated other comprehensive (loss) / income by component for the year ended October 4, 2025:

(in thousands)	Cumulative Foreign Currency Translation Adjustment	Pension Plan Adjustments	Gain / (Loss) on Derivative Instruments	Total
As of September 30, 2023	$ (20,178)	$ (861)	$ (723)	$ (21,762)
Other comprehensive income (loss) before reclassifications	$ 7,263	$ (968)	$ 1,799	$ 8,094
Amount reclassified out of accumulated other comprehensive income (loss)	$ —	$ —	$ 445	$ 445
Tax effects	$ (346)	$ 147	$ —	$ (199)
Accumulated other comprehensive income (loss)	$ 6,917	$ (821)	$ 2,244	$ 8,340
As of September 28, 2024	$ (13,261)	$ (1,682)	$ 1,521	$ (13,422)
Other comprehensive income (loss) before reclassifications	(8,219)	(99)	(1,022)	(9,340)
Amount reclassified out of accumulated other comprehensive income (loss)	(815)	—	(414)	(1,229)
Tax effects	126	15	—	141
Accumulated other comprehensive loss	(8,908)	(84)	(1,436)	(10,428)
As of October 4, 2025	$ (22,169)	$ (1,766)	$ 85	$ (23,850)

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. On March 5, 2025, the stockholders of the Company approved an amendment to the Plan that increased the number of shares of common stock available for issuance by 2.8 million shares, which were registered on the registration statement on Form S-8 filed with the SEC on March 11, 2025. As of October 4, 2025, 4.0 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 2025, 2024 and 2023 was based upon awards ultimately expected to vest, with forfeiture accounted for when they occur.

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 2025, 2024 and 2023:

	Fiscal		
(in thousands)	2025	2024	2023
Cost of sales	$ 1,567	$ 1,277	$ 1,192
Selling, general and administrative	18,222	18,524	16,239
Research and development	8,737	7,090	5,313
Total equity-based compensation expense	$ 28,526	$ 26,891	$ 22,744

The following table reflects the equity-based compensation expense, by type of award, for fiscal 2025, 2024 and 2023:

	Fiscal		
(in thousands)	2025	2024	2023
Time-based RSUs	$ 20,801	$ 17,683	$ 14,304
Relative TSR PSUs	7,280	5,856	4,949
Growth PSUs	(725)	2,093	2,491
Common stock	1,170	1,259	1,000
Total equity-based compensation expense	$ 28,526	$ 26,891	$ 22,744

Equity-Based Compensation: Relative TSR PSUs

The following table reflects the Relative TSR PSUs activity for fiscal 2025:

	Number of shares (in thousands)	Weighted average grant date fair value per share
Outstanding as of September 28, 2024	336	$ 44.91
Granted	128	$ 61.92
Forfeited or expired	(8)	$ 54.59
Vested	(79)	$ 52.12
Outstanding as of October 4, 2025	377	$ 58.06

	Fiscal		
(in thousands, except fair value per share)	2025	2024	2023
Relative TSR PSUs granted	128	232	187
Weighted-average grant-date fair value per share	$ 61.92	$ 36.88	$ 48.35

The following table reflects the assumptions used to calculate compensation expense related to the Company's Relative TSR PSUs issued during fiscal 2025, 2024 and 2023:

	Fiscal		
	2025	2024	2023
Grant price	$ 44.54	$ 47.44	$ 37.50
Expected dividend yield	1.80 %	1.60 %	1.81 %
Expected stock price volatility	43.44 %	47.27 %	53.79 %
Risk-free interest rate	3.80 %	4.53 %	4.42 %

Equity-Based Compensation: Time-based RSUs

The following table reflects the Time-based RSUs activity for fiscal 2025:

	Number of shares (in thousands)	Weighted average grant date fair value per share
Outstanding as of September 28, 2024	888	$ 44.18
Granted	568	$ 44.46
Forfeited or expired	(56)	$ 44.57
Vested	(406)	$ 44.06
Outstanding as of October 4, 2025	994	$ 44.37

	Fiscal		
(in thousands, except fair value per share)	2025	2024	2023
Time-based RSUs granted	568	512	513
Weighted-average grant-date fair value per share	$ 44.46	$ 47.42	$ 37.64

Equity-Based Compensation: Growth PSUs

The following table reflects the Growth PSUs activity for fiscal 2025:

	Number of shares (in thousands)	Weighted average grant date fair value per share
Outstanding as of September 28, 2024	69	$ 42.21
Granted	—	$ —
Forfeited or expired	(26)	$ 49.00
Vested	(2)	$ 49.22
Outstanding as of October 4, 2025	41	$ 37.55

	Fiscal		
(in thousands, except fair value per share)	2025	2024	2023
Growth PSUs granted	—	49	91
Weighted-average grant-date fair value per share	—	$ 23.51	$ 37.55

The total fair value of RSUs and PSUs, as of their respective vesting dates, during the years ended October 4, 2025, September 28, 2024 and September 30, 2023, was $23.2 million, $36.4 million and $28.9 million, respectively.

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 2025, 2024 and 2023:

	Fiscal		
(in thousands)	2025	2024	2023
Number of common stock issued	29	25	21
Fair value based upon market price at time of issue	$ 1,170	$ 1,259	$ 1,000

Pension Plan

We have pension plans available to employees at various foreign sites. As of October 4, 2025 and September 28, 2024, the defined benefits pension obligations of our plans were $5.3 million and $5.1 million, respectively.

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 for the fiscal years ended October 4, 2025, September 28, 2024 and September 30, 2023, the service revenue was not material.

The Company reports revenue based on its reportable segments and end markets, which provides information about how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Please refer to Note 15: Segment Information, for disclosure of revenue by segment and end market.

Contract Balances

	As of		
(in thousands)	October 4, 2025	September 28,	September 30, 2023
Contract liabilities	$ 23,936	$ 18,646	$ 4,797

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 increased as a result of receiving new advanced payments from customers, partially offset by the recognition in revenue of $15.9 million that was included in contract liabilities as of September 28, 2024. Revenue recognized during fiscal year 2024 that was included in deferred revenue as of September 30, 2023 was $4.5 million.

NOTE 13. EARNINGS PER SHARE

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

The following table reflects a reconciliation of the shares used in the basic and diluted net (loss) / income per share computation for fiscal 2025, 2024 and 2023:

	Fiscal					
(in thousands, except per	2025		2024		2023	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
NUMERATOR:						
Net income / (loss)	213	213	(69,006)	(69,006)	57,148	57,148
DENOMINATOR:						
Weighted average shares outstanding - Basic	52,955	52,955	55,613	55,613	56,682	56,682
Dilutive effect of Equity Plans		238		—		866
Weighted average shares outstanding - Diluted		53,193		55,613		57,548
EPS:						
Net income / (loss) per share - Basic	0.004	0.004	(1.24)	(1.24)	1.01	1.01
Effect of dilutive shares		—		—		(0.02)
Net income / (loss) per share - Diluted		0.004		(1.24)		0.99
Anti-dilutive shares [1]		25		467		15

(1) Represents the Relative TSR PSUs and Growth PSUs that are excluded from the calculation of diluted earnings per share for fiscal 2025, 2024 and 2023 as the effect would have been anti-dilutive.

NOTE 14. INCOME TAXES

The following table reflects the U.S. and foreign (loss) / income before income taxes for fiscal 2025, 2024 and 2023:

	Fiscal		
(in thousands)	2025	2024	2023
United States operations	$ (8,095)	$ (8,522)	$ (5,635)
Foreign operations	28,571	(49,833)	77,836
Income / (loss) from operations before tax	$ 20,476	$ (58,355)	$ 72,201

The following table reflects the current and deferred components of provision for income taxes for fiscal 2025, 2024 and 2023:

	Fiscal		
(in thousands)	2025	2024	2023
Federal	$ 2,873	$ (1,881)	$ 10,412
State	75	232	(128)
Foreign	14,305	2,616	8,830
Deferred:			
Federal	$ 4,207	$ 101	$ 1,304
State	—	—	—
Foreign	(1,197)	9,583	(5,365)
Provision for income taxes	$ 20,263	$ 10,651	$ 15,053

The following table reconciles the provision for income taxes with the expected income tax provision computed based on the applicable U.S. federal statutory tax rate for fiscal 2025, 2024 and 2023:

	Fiscal		
(in thousands)	2025	2024	2023
Expected income tax provision based on the U.S. federal statutory tax rate	$ 4,270	$ (12,255)	$ 15,162
Effect of earnings of foreign subsidiaries subject to different tax rates	(8,827)	(3,619)	(8,448)
Benefit from tax incentives	(10,740)	980	(11,198)
Benefit from research and development tax credits	(4,369)	(4,132)	(4,038)
Benefit from foreign tax credits	(8,660)	(1,505)	(7,834)
Valuation allowance	26,725	18,543	3,127
Foreign operations (Deemed income, taxes on undistributed foreign earnings, and withholding taxes)	23,487	7,268	24,450
Unrecognized tax benefit[(1)]	(2,572)	1,011	265
Non-deductible items[(1)]	47	2,611	1,900
Goodwill impairment	—	—	2,517
Other, net[(1)]	902	1,749	(850)
Provision for income taxes	$ 20,263	$ 10,651	$ 15,053
Effective tax rate	99.0 %	(18.3)%	20.8 %

[(1)] Certain balances in fiscal 2024 and 2023 have been reclassified to conform to the current period presentation. These reclassifications have no impact to the consolidated financial statements in the respective fiscal periods.

As of October 4, 2025, 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 January 2025. In fiscal 2025, 2024 and 2023, the tax incentive arrangement helped to reduce the Company's provision for income taxes by $10.7 million or $0.20 per share, $(1.0) million or $(0.02) per share and $11.2 million or $0.19 per share, respectively.

The following table reflects the deferred tax balances based on the tax effects of cumulative temporary differences for fiscal 2025 and 2024:

	Fiscal			
(in thousands)	2025		2024	
Accruals and reserves	$	20,040	$	20,149
Capitalized research		6,997		7,903
Tax credit carryforwards		6,377		5,537
Net operating loss carryforwards		64,760		43,195
Gross deferred tax assets	$	98,174	$	76,784
Valuation allowance	$	(68,775)	$	(45,462)
Deferred tax asset, net of valuation allowance	$	29,399	$	31,322
Fixed and intangible assets	$	(16,178)	$	(20,055)
Taxes on undistributed foreign earnings		(32,645)		(27,961)
Total long-term deferred tax liability	$	(48,823)	$	(48,016)
Total net deferred tax liability	$	(19,424)	$	(16,694)
Reported as				
Deferred tax assets	$	16,109	$	17,900
Deferred tax liabilities	$	(35,533)	$	(34,594)
Net deferred tax liabilities	$	(19,424)	$	(16,694)

As of October 4, 2025, the Company has foreign net operating loss carryforwards of $233.7 million, state net operating loss carryforwards of $35.7 million, and U.S. federal and state tax credit carryforwards of $9.8 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 2026 through 2045, 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 2025, 2024 and 2023:

	Fiscal		
(in thousands)	2025	2024	2023
Unrecognized tax benefit, beginning of year	$ 17,703	$ 16,619	$ 16,623
Additions for tax positions, current year	1,365	1,931	1,493
Reductions for tax positions, prior year	(3,779)	(847)	(1,497)
Unrecognized tax benefit, end of year	$ 15,289	$ 17,703	$ 16,619

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 2025 provision for income taxes is not material. As of October 4, 2025, the Company has recognized $3.1 million of accrued interest and penalties related to unrecognized tax benefit within the income tax payable for uncertain tax positions and approximately $16.6 million of unrecognized tax benefit, including related interest and penalties, that if recognized, would impact the Company's effective tax rate.

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 2022 remain subject to examination. For most state tax returns, tax years following fiscal 2006 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 15. 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. Our CODM evaluates performance and allocates resources primarily based on income from operations. This measure is regularly provided to and reviewed by our CODM to support budgeting, forecasting, and decisions regarding resource allocation for strategic initiatives across segments, capital investments, and workforce planning. While income from operations is the primary measure used by our CODM to allocate resources, our CODM regularly reviews materials that present revenue, cost of sales and significant operating expenses. Accordingly, we have disclosed these segment items in the tables below. The CODM does not review discrete asset information.

Segment information is disclosed based upon our management organization structure as of the fiscal year ended October 4, 2025. Future changes to this internal financial structure may result in changes to our reportable segments. The Company has 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 and wedge-related 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 and die-attach 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.

The unallocated corporate expenses category includes certain operating expenses that are not allocated to our reportable segments and are managed separately at the corporate level. These operating expenses include costs related to certain management, finance, legal, human resources, and research and development functions provided at the corporate level. In addition, we do not allocate to our reportable segments severance cost related to restructuring actions. Segment operating income also excludes interest income/expenses, other financial charges and income taxes. Our CODM does not consider the unallocated costs in measuring the performance of the reportable segments.

The following table reflects operating information by segment for the fiscal years ended October 4, 2025, September 28, 2024 and September 30, 2023:

(in thousands)	Fiscal 2025						
	Reportable segments				Reconciling items		
	Ball Bonding Equipment	Wedge Bonding Equipment	Advanced Solutions	APS	All Others	Unallocated Corporate	Total Company
Net Revenue	$ 292,951	$ 110,593	$ 72,737	$ 156,129	$ 21,671	$ —	$ 654,081
Cost of sales	146,553	60,763	30,549	80,789	57,307	199	376,160
Selling, general and administrative	23,132	8,757	(57,519)	28,289	41,339	87,531	131,529
Research and development	38,836	22,686	50,296	18,186	12,325	7,287	149,616
Total operating expenses	61,968	31,443	(7,223)	46,475	53,664	94,818	281,145
Income / (Loss) from operations	$ 84,430	$ 18,387	$ 49,411	$ 28,865	$ (89,300)	$ (95,017)	$ (3,224)

(in thousands)	Fiscal 2024						
	Reportable segments				Reconciling items		
	Ball Bonding Equipment	Wedge Bonding Equipment	Advanced Solutions	APS	All Others	Unallocated Corporate Expenses	Total Company
Net Revenue	$ 357,833	$ 105,826	$ 52,876	$ 160,009	$ 29,688	$ —	$ 706,232
Cost of sales	187,018	56,439	96,133	71,114	26,957	(183)	437,478
Selling, general and administrative	23,435	9,720	61,657	18,187	16,373	80,664	210,036
Research and development	34,380	20,092	50,436	20,964	19,885	5,457	151,214
Total operating expenses	57,815	29,812	112,093	39,151	36,258	86,121	361,250
Income / (Loss) from operations	$ 113,000	$ 19,575	$ (155,350)	$ 49,744	$ (33,527)	$ (85,938)	$ (92,496)

(in thousands)	Fiscal 2023						
	Reportable segments				Reconciling items		
	Ball Bonding Equipment	Wedge Bonding Equipment	Advanced Solutions	APS	All Others	Unallocated Corporate	Total Company
Net Revenue	$ 287,465	$ 175,550	$ 72,256	$ 160,718	$ 46,502	$ —	$ 742,491
Cost of sales	156,424	84,173	45,262	72,076	25,855	46	383,836
Selling, general and administrative	17,392	10,070	13,261	18,564	36,102	79,129	174,518
Research and development	31,720	18,219	46,263	22,424	21,342	4,732	144,700
Total operating expenses	49,112	28,289	59,524	40,988	57,444	83,861	319,218
Income / (Loss) from operations	$ 81,929	$ 63,088	$ (32,530)	$ 47,654	$ (36,797)	$ (83,907)	$ 39,437

The following table reconciles total segment profit to total income / (loss) before income taxes for the fiscal years ended October 4, 2025, September 28, 2024 and September 30, 2023:

	Fiscal		
	2025	2024	2023
Total income from reportable segments	$ 181,093	$ 26,969	$ 160,141
All Others	(89,300)	(33,527)	(36,797)
Unallocated corporate expenses	(95,017)	(85,938)	(83,907)
Net interest income	23,700	34,141	32,764
Income / (loss) before income taxes	$ 20,476	$ (58,355)	$ 72,201

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

The following table reflects net revenue by end markets served for the fiscal years ended October 4, 2025, September 28, 2024 and September 30, 2023:

	Fiscal		
(in thousands)	2025	2024	2023
General Semiconductor	$ 334,181	$ 333,788	$ 333,937
Automotive & Industrial [(1)]	110,351	138,845	225,415
Memory	53,420	73,590	22,421
APS	156,129	160,009	160,718
Total revenue	$ 654,081	$ 706,232	$ 742,491

(1) In view of the cessation of EA equipment business, the Company has simplified its end market disclosures by consolidating LED revenue within Automotive & Industrial revenue. As a result, the net revenue recorded within the previously-defined LED end market for prior periods has been consolidated within the Automotive & Industrial end market to conform to the current period presentation. These changes have no impact to the consolidated financial statements.

The following table reflects capital expenditures, depreciation expense and amortization expense for the fiscal years ended October 4, 2025, September 28, 2024 and September 30, 2023:

	Fiscal		
(in thousands)	2025	2024	2023
Capital expenditures:			
Ball Bonding Equipment	$ 417	$ 1,548	$ 1,087
Wedge Bonding Equipment	618	699	436
Advanced Solutions	125	804	30,522
APS	1,690	1,177	5,298
All Others	1,348	891	658
Corporate Expenses	6,179	8,617	9,701
	$ 10,377	$ 13,736	$ 47,702
Depreciation expense:			
Ball Bonding Equipment	$ 1,300	$ 1,363	$ 1,538
Wedge Bonding Equipment	892	1,003	1,169
Advanced Solutions	1,051	5,945	7,706
APS	5,094	5,352	6,166
All Others	1,292	1,577	1,505
Corporate Expenses	5,312	4,307	4,674
	$ 14,941	$ 19,547	$ 22,758
Amortization expense:			
Ball Bonding Equipment	$ —	$ —	$ —
Wedge Bonding Equipment	—	—	—
Advanced Solutions	—	—	—
APS	526	917	896
All Others	2,140	3,904	4,837
Corporate Expenses	367	367	366
	$ 3,033	$ 5,188	$ 6,099

Geographical information

The following tables reflect destination sales to unaffiliated customers by country and long-lived assets by country for fiscal 2025, 2024 and 2023:

	Fiscal		
(in thousands)	2025	2024	2023
Destination sales to unaffiliated customers:			
China	$ 363,598	$ 416,695	$ 335,393
United States	62,171	66,147	65,705
Taiwan	55,034	59,288	66,358
Malaysia	45,835	54,275	64,013
Japan	11,029	12,778	35,849
Philippines	14,841	10,585	31,527
Korea	27,509	11,563	17,977
Hong Kong	15,745	11,743	13,933
All other	58,319	63,158	111,736
Total destination sales to unaffiliated customers	$ 654,081	$ 706,232	$ 742,491

	Fiscal	
(in thousands)	2025	2024
Long-lived assets:		
Singapore	$ 37,307	$ 47,035
United States	28,502	29,166
China	15,472	15,635
Israel	4,447	7,822
All others	5,458	12,664
Total long-lived assets	$ 91,186	$ 112,322

NOTE 16. COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS

Warranty Expense

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

The following table reflects the reserve for warranty activity for the fiscal years ended October 4, 2025, September 28, 2024 and September 30, 2023:

	Fiscal		
(in thousands)	2025	2024	2023
Reserve for product warranty, beginning of period	$ 9,911	$ 10,457	13,443
Provision for product warranty	9,418	12,824	12,850
Utilization of reserve	(12,074)	(13,370)	(15,836)
Reserve for product warranty, end of period	$ 7,255	$ 9,911	$ 10,457

Other Commitments and Contingencies

The following table reflects obligations not reflected on the Consolidated Balance Sheets as of October 4, 2025:

	Payments due by fiscal year						
(in thousands)	Total	2026	2027	2028	2029	2030	Thereafter
Inventory purchase obligation (1)	$ 177,305	$ 177,305	$ —	$ —	$ —	$ —	$ —

(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 October 4, 2025, the Company also has an obligation to fund uncalled capital commitments of approximately $3.7 million, as and when required, in relation to its investment in a private equity fund.

Concentrations

The following table reflects significant customer concentrations as a percentage of net revenue for the fiscal years ended October 4, 2025, September 28, 2024 and September 30, 2023:

	Fiscal		
	October 4, 2025	September 28, 2024	September 30, 2023
Tianshui Huatian Technology Co., Ltd	12.0 %	*	*

* Represents less than 10% of total net revenue

The following table reflects significant customer concentrations as a percentage of total accounts receivable as of October 4, 2025 and September 28, 2024:

	As of	
	October 4, 2025	September 28, 2024
Tianshui Huatian Technology Co., Ltd	30.3 %	17.2 %
Haoseng Industrial Co Ltd	13.0 %	*
Forehope Group	*	15.7 %

* Represents less than 10% of total accounts receivable

NOTE 17. CESSATION OF BUSINESS

Cancellation of Project

The Company was engaged by one of its customers (the "Customer") to support the Customer with the development and future mass production of certain technologies relating to advanced display (the "Project"), previously referred to as Project W. As previously disclosed in fiscal 2024, in connection with the Customer's strategic review of its business, the Customer informed the Company that it cancelled the Project.

The following table presents a summary of the charges related to the cancellation of the Project incurred for the year ended September 28, 2024.

	Fiscal 2024		
(in thousands)	Cost of sales	Impairment charges	Total
Inventory write-down	$ 57,333	$ —	$ 57,333
Purchase order cancellation charges	$ 2,931	$ —	$ 2,931
Impairment charges relating to long-lived assets	$ —	$ 44,472	$ 44,472
	$ 60,264	$ 44,472	$ 104,736

Inventory write-down

In determining the value of our inventory, we consider indicators that net realizable value may be lower than cost based upon projections about future consumption, and market conditions. We recorded a write-down to inventory totaling $57.3 million with a corresponding increase to cost of sales in our Consolidated Statements of Operations for fiscal 2024.

Purchase Order cancellation charges

$2.9 million of purchase order cancellation charges were included in the cost of sales in our Consolidated Statements of Operations for fiscal 2024. These costs relate to a net loss on firm purchase commitments for goods for inventory in accordance with ASC 330.

Impairment charges relating to long-lived assets

In determining the fair value of the long-lived assets, the estimated future cash flows were projected as zero. Accordingly, as of September 28, 2024, we recorded a full impairment of the long-lived assets, resulting in an impairment charge of $38.0 million related to property, plant and equipment primarily pertaining to leasehold improvements, $3.0 million related to the ROU assets and $3.5 million related to Asset Retirement Obligation (ARO).

On November 4, 2024, the Company and the Customer entered into a written agreement pursuant to which the Customer agreed to reimburse the Company for certain costs and expenses that the Company incurred in connection with the Project. Pursuant to the agreement, the Customer agreed to pay $86.2 million to the Company. During the fiscal year ended October 4, 2025, $15.1 million was included within "Net Revenue" for delivered products and the remaining $71.1 million was included in "Gain relating to cessation of business" in the Consolidated Statements of Operations. In the quarter ended March 29, 2025, the Company has received the reimbursement amount from the Customer.

Cessation of EA Equipment Business

On March 25, 2025, the Board of Directors of the Company approved a strategic plan related to the cessation of the Company's Electronics Assembly ("EA") equipment business. . As part of the plan, the Company began the process of winding down the EA equipment business in an effort to prioritize core semiconductor assembly business opportunities and enhance overall through-cycle financial performance. The cessation of the EA equipment business is subject to a consultation process with the applicable works council and union representatives, which the Company initiated in the third fiscal quarter of 2025 and, as of October 4, 2025, has substantially completed. The wind down activities remains ongoing and are expected to be substantially completed by fiscal 2026, after which there will be some service support activities to serve out the remaining customer obligations.

Wind down charges as a result of these activities incurred during the fiscal year ended October 4, 2025 were accounted in accordance with ASC 330, *Inventory,* ASC 420, *Exit or Disposal Cost Obligations* and ASC 712, *Compensation—Nonretirement Postemployment Benefits.* The Company also performed the impairment tests of all associated assets with reference to the guidance under ASC 330, *Inventory,* ASC 360, *Property, Plant and Equipment* and ASC 350, *Intangibles - Goodwill and Other.* The wind down charges and impairments are primarily recorded in the Company's "All Others" category and the APS reportable segment. We plan to fund the cash costs through existing cash balances.

The following table summarizes the charges resulting from the cessation of the EA equipment business.

	Fiscal 2025			
(in thousands)	Cost of sales	Impairment charges	Selling, general and administrative	Total
Inventory write-down	$ 31,481	$ —	$ —	$ 31,481
Impairment charges related to goodwill and intangible assets	—	34,870	—	34,870
Impairment charges relating to long-lived assets	—	4,947	—	4,947
Employee termination benefits	—	—	5,337	5,337
Adverse purchase commitments	10,900	—	—	10,900
	$ 42,381	$ 39,817	$ 5,337	$ 87,535

Inventory write-down

In determining the value of our inventory, we consider indicators that net realizable value may be lower than cost based upon projections about future consumption and market conditions. We recorded a write-down to inventory totaling $31.5 million with a corresponding increase to cost of sales in our consolidated financial statements for the fiscal year ended October 4, 2025. See Note 2: Balance Sheet Components for inventory balances.

Impairment charges relating to goodwill and intangible assets

In accordance with the guidance under ASC 350, the Company performed a qualitative assessment as the cessation of the EA equipment business was a triggering event. Accordingly, the Company performed a quantitative impairment test and estimated the fair value of each reporting unit to be less than its carrying value. During the fiscal year ended October 4, 2025, we recorded a full impairment charge of $19.2 million related to goodwill, and $15.7 million impairment charge related to the intangible assets reported within the APS reportable segment and "All Others" category. See Note 3: Goodwill and Intangible Assets for more details.

Impairment charges relating to long-lived assets

During the fiscal year ended October 4, 2025, we recorded a full impairment of the long-lived assets, resulting in an impairment charge of $1.4 million related to property, plant and equipment and $3.6 million related to the ROU assets.

Employee termination benefits

During the fiscal year ended October 4, 2025, in connection with the cessation of the EA equipment business and in accordance with ASC 712, the Company accrued for costs amounting to $4.4 million pertaining to the ongoing employee benefit arrangements. The costs were recorded within "Selling, general and administrative" in the Consolidated Statements of Operations, and are expected to be paid progressively as we complete the wind-down activities.

The Company also incurred employee termination benefits pertaining to one-time benefit arrangements in accordance with ASC 420, as summarized below.

(in thousands)	Employee termination benefits	Total
As of September 28, 2024	$ —	$ —
Additions charged to expense	$ 957	$ 957
Cash payments	$ —	$ —
As of October 4, 2025	$ 957	$ 957

The costs were also recorded within "Selling, general and administrative" in the Consolidated Statements of Operations, and are expected to be paid progressively as we complete the wind-down activities. We expect to record between approximately $3.0 million and $5.0 million of these costs throughout the completion of the wind-down period.

Adverse purchase commitments

During the fiscal year ended October 4, 2025, the Company accrued for a loss of $10.9 million that is expected to arise from firm, non-cancelable and unhedged commitments for the future purchase of inventory items in accordance with ASC 330. The costs were recorded within "Cost of sales" in the Consolidated Statements of Operations.

Contract termination charges and other associated costs

Contract termination charges primarily relate to the costs expected to be incurred to terminate a contract before the end of its term in accordance with ASC 420. The Company expects to record between approximately $3.0 million and $5.0 million throughout the completion of the wind-down period.

Restructuring

In March 2024, the Company implemented a restructuring program to reallocate resources within the Company to enhance its performance, boost productivity and drive efficiency initiatives. As a result, we accounted for the related employee termination costs in accordance with ASC 712, *Compensation—Nonretirement Postemployment Benefits.* For fiscal 2024, employee termination costs of $2.9 million related to other severance and employee costs incurred as a result of the restructuring program, primarily pertaining to ongoing employee benefit arrangements, were recorded within "Selling, general and administrative" in the Consolidated Statements of Operations.

In September 2024, the Company also implemented a restructuring program as part of our efforts to centralize global manufacturing and supply chain operations. The accrued costs amounting to $2.2 million, which pertained to ongoing employee benefit arrangements arising from the restructuring program, were accounted in accordance with ASC 712 and were substantially paid in fiscal year 2025. The costs were recorded within "Selling, general and administrative" in the Consolidated Statements of Operations. The Company also recorded costs amounting to $1.8 million in fiscal year 2025, pertaining to one-time benefit arrangements in accordance with ASC 420. The amounts were substantially paid in fiscal year 2025.

In September 2025, management approved a restructuring program to implement cost-reduction measures, including reductions in employee headcount and other operating expenditures. As a result, we accounted for the related employee termination costs in accordance with ASC 712, *Compensation—Nonretirement Postemployment Benefits.* For fiscal 2025, employee termination costs of $4.2 million related to other severance and employee costs incurred as a result of the restructuring program, primarily pertaining to ongoing employee benefit arrangements, were recorded within "Selling, general and administrative" in the Consolidated Statements of Operations.

In September 2025, management also approved a restructuring program as part of our efforts to centralize global manufacturing. The accrued costs amounting to $1.2 million, which pertain to ongoing employee benefit arrangements arising from the restructuring program as of October 4, 2025, are accounted in accordance with ASC 712 and are expected to be substantially paid by the end of fiscal year 2026. The costs were recorded within "Selling, general and administrative" in the Consolidated Statements of Operations. The Company also expects to record costs amounting to $1.1 million in fiscal year 2026, pertaining to one-time benefit arrangements in accordance with ASC 420.

Disposal of a subsidiary

On October 16, 2024, the Company, through one of its subsidiaries, Kulicke and Soffa Holland Holdings B.V., entered into a Share Sale and Purchase Agreement with Onto Innovation Europe B.V. ("Onto") for the sale of 100% of the common shares of Kulicke & Soffa Liteq B.V. ("K&S Liteq") and its related lithography business. The sale was completed on October 18, 2024. Accordingly, the Company has deconsolidated K&S Liteq in the Company's unaudited consolidated condensed financial statements. The disposal of K&S Liteq did not have a material impact on our consolidated financial statements.

NOTE 18 . SUBSEQUENT EVENTS

On October 28, 2025, the Company announced that Dr. Fusen Chen will retire as President and Chief Executive Officer of the Company and as a member of the Board, effective December 1, 2025. Also, on October 28, 2025, the Board appointed Lester Wong, the Company's current Executive Vice President and Chief Financial Officer, as the Company's Interim Chief Executive Officer. The Board will conduct a search for a permanent successor among external and internal candidates.

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 Interim Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of October 4, 2025. Based on that evaluation, the Interim Chief Executive Officer and Chief Financial Officer concluded that, as of October 4, 2025, 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 Interim 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 October 4, 2025. 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.

Based on that assessment, management has concluded that, as of October 4, 2025, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of October 4, 2025 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.

Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the three months ended October 4, 2025, 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 (as defined in Rule 16a-1f of the Exchange Act) 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 October 4, 2025, 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 Annual Report:

		Page
(1)	Financial Statements: See our consolidated financial statements under Part II, Item 8	
(2)	Financial Statement Schedule:	
	Schedule II - Valuation and Qualifying Accounts	98
	All other schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or notes thereto.	
(3)	Exhibits:	
	See "Exhibit Index" within Item 15 below.	99

KULICKE AND SOFFA INDUSTRIES, INC.

Schedule II-Valuation and Qualifying Accounts

(*in thousands*)

Fiscal 2025:	**Beginning of period**	**Additions**		**Deductions**		**End of period**
Allowance for doubtful accounts	$ 49	$ —		$ (49)	(1)	$ —
Inventory reserve	$ 31,784	$ 44,004	(5)	$ (5,286)	(2)	$ 70,502
Valuation allowance for deferred taxes	$ 45,462	$ 23,313	(6)	$ —		$ 68,775
Fiscal 2024:						
Allowance for doubtful accounts	$ 49	$ —		$ —		$ 49
Inventory reserve	$ 21,285	$ 38,569	(4)	$ (28,070)	(2, 4)	$ 31,784
Valuation allowance for deferred taxes	$ 21,483	$ 23,979	(6)	$ —		$ 45,462
Fiscal 2023:						
Allowance for doubtful accounts	$ —	$ 49		$ —		$ 49
Inventory reserve	$ 19,238	$ 4,284		$ (2,237)	(2)	$ 21,285
Valuation allowance for deferred taxes	$ 21,750	$ —		$ (267)	(3)	$ 21,483

(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.

(4) Includes the write-down to inventory in relation to the cancellation of Project W that was provided for as inventory reserves during the quarter ended June 29, 2024.

(5) Includes the write-down to inventory in relation to the cessation of EA equipment business that was provided for as inventory reserves in fiscal 2025.

(6) Reflects the net increase in the valuation allowance primarily associated with the Company’s U.S. and foreign tax credits, U.S. and foreign net operating losses and other deferred tax assets.

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 June 5, 2025, are incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated June 9, 2025.
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
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, is incorporated herein by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended 30 September 2023. SEC file number 000-00121.
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 Lester Wong dated October 28, 2025.*
10.10	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.*
10.11	The Amendment No. 1 to the Registrant’s 2021 Omnibus Incentive Plan is incorporated herein by reference to the Registrant’s Proxy Statement on Schedule 14A for the annual meeting of shareholders on March 5, 2025.
10.12	Form of CEO Performance Share Unit Award Agreement (Growth PSUs) regarding the 2021 Omnibus Incentive Plan.*
10.13	Form of Executive Performance Share Unit Award Agreement (Growth PSUs) regarding the 2021 Omnibus Incentive Plan.*
10.14	Form of CEO Performance Share Unit Award Agreement (Relative TSR) regarding the 2021 Omnibus Incentive Plan.*
10.15	Form of Executive Performance Share Unit Award Agreement (Relative TSR) regarding the 2021 Omnibus Incentive Plan.*

10.16	Form of Restricted Stock Unit Award Agreement regarding the 2021 Omnibus Incentive Plan.*
10.17	Incentive Compensation Plan Fiscal Year 2025.*
19.1	Insider Trading Policy.
21.1	Subsidiaries of the Company.
23.1	Consent of PricewaterhouseCoopers LLP (Independent Registered Public Accounting Firm).
31.1	Certification of Lester Wong, Interim Chief Executive Officer and Chief Financial Officer of Kulicke and Soffa Industries, Inc., pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32.1	Certification of Lester Wong, Interim Chief Executive Officer and 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.
97	Compensation Recovery Policy.
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.

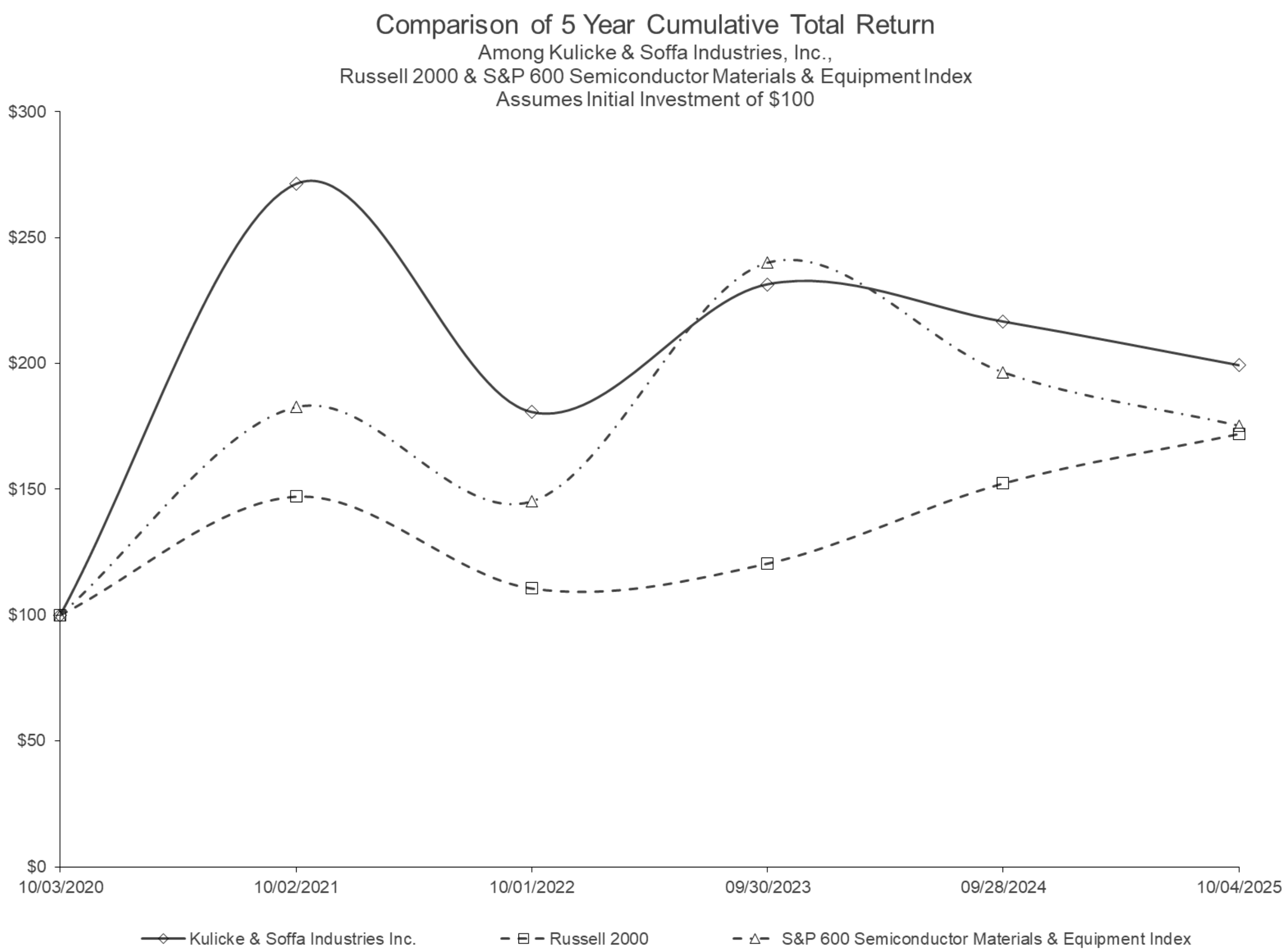
By: /s/ LESTER WONG
Lester Wong
Executive Vice President, Interim Chief Executive Officer, and Chief Financial Officer

Dated: November 20, 2025

Signature	Title	Date
/s/ LESTER WONG Lester Wong	Executive Vice President, Interim Chief Executive Officer, and Chief Financial Officer (Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)	November 20, 2025
/s/ JON A. OLSON Jon A. Olson	Director	November 20, 2025
/s/ GREGORY F. MILZCIK Gregory F. Milzcik	Director	November 20, 2025
/s/ JEFF RICHARDSON David J. Richardson	Director	November 20, 2025
/s/ MUI SUNG YEO Mui Sung Yeo	Director	November 20, 2025
/s/ PETER T. KONG Peter T. Kong	Director	November 20, 2025
/s/ DENISE M. DIGNAM Denise M. Dignam	Director	November 20, 2025
/s/ FUSEN CHEN Fusen Chen	Director	November 20, 2025

STOCK PERFORMANCE GRAPH

The graph below compares the cumulative total returns to holders of common shares of the Company, with the cumulative total return of the Russell 2000 Index and the S&P 600 Semiconductor Materials & Equipment Index from fiscal year 2021 through 2025. The Company believes the Russell 2000 Index and the S&P 600 Semiconductor Materials & Equipment Index, provide a broad set of relative companies in terms of line of business and market capitalization. The graph assumes the value of investment in the relevant stock or index was $100 on October 3, 2020 and that all dividends were reinvested. Total returns are calculated based on the fiscal year calendar of Kulicke & Soffa Industries, Inc. For purposes of the peer group index, the peer group companies have been weighted based upon their relative market capitalization. The closing sale price of the Company's common shares as of October 4, 2025 was $40.34. Historical stock price performance should not be relied on as indicative of future stock price performance.



COMPANY INFORMATION
As of December 2025

Corporate Locations

Principal Executive Offices

Kulicke and Soffa Industries, Inc.
1005 Virginia Drive
Fort Washington, Pa 19034

Kulicke & Soffa Pte. Ltd.
23A Serangoon North Avenue 5
#01-01
Singapore 554369

Technology Centers

Berg, Switzerland
Eindhoven, Netherlands
Haifa, Israel
Fort Washington, Pennsylvania
Santa Ana, California
Serangoon, Singapore
Suzhou, China
Taipei, Taiwan

Equipment Manufacturing Facilities

Eindhoven, Netherlands
Taipei, Taiwan
Serangoon, Singapore

Expendable Tools Manufacturing Facilities

Haifa, Israel
Suzhou, China

Additional Information

Independent Accountants

PricewaterhouseCoopers, LLP
Singapore

Registrar and Transfer Agent

Equiniti Trust Company, LLC
28 Liberty Street
53rd Floor
New York, NY 10005
USA
800-937-5449

NASDAQ Symbol: KLIC

Supplemental Investor Information

An electronic copy of the 2025 Annual Report, 2026 Proxy Statement, SEC filings, and supplemental investor information are available in the Investor section of the Company's corporate website at investor.kns.com.

For additional information please contact:

Investor Relations
+1-215-784-6000
investor@kns.com

Leadership Team

EXECUTIVE LEADERSHIP

Lester Wong
Interim Chief Executive Officer & Chief Financial Officer; Executive Vice President, Finance & IT

Nelson Wong
Senior Vice President, Global Sales & Global Supply Chain

Bob Chylak
Senior Vice President, Central Engineering & Chief Technology Officer

Meng Kwong Han
Senior Vice President, Aftermarket Products & Services and Advanced Dispensing Solutions

John Molnar
Vice President and General Manager, Advanced Solutions

Ivy Qin
Vice President and General Manager, Wire Bonding

Tong Liang Cheam
Vice President, Corporate Strategy

Lisa Lim
Vice President, Global Human Resources

Zi Yao Lim
Vice President, Legal Affairs, General Counsel & Corporate Secretary

Eugene Tan
Vice President, Equipment Manufacturing Operations & Quality

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Non-Executive Director
Rocket Lab USA, Inc.
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Niron Magnetics

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Lattice Semiconductor Corporation
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