Besi

BE SEMICONDUCTOR INDUSTRIES N.V.

DUIVEN, THE NETHERLANDS

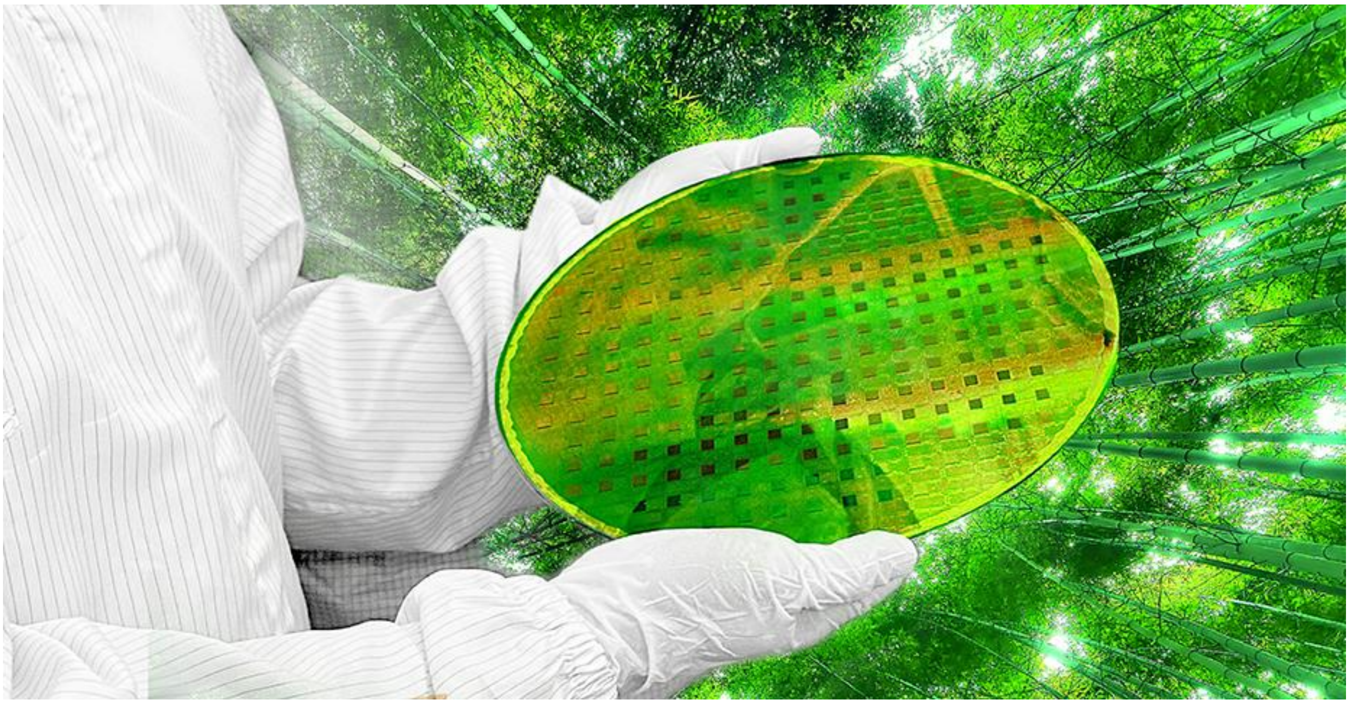
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

Content Unaudited Condensed Interim Consolidated Financial Statements June 30, 2023

Caution Concerning Forward Looking Statements

This report contains statements about management's future expectations, plans and prospects of our business that constitute forward-looking statements, which are found in various places throughout this report, including, but not limited to, statements relating to expectations of orders, net sales, product shipments, expenses, timing of purchases of assembly equipment by customers, gross margins, operating results and capital expenditures. The use of words such as “anticipate”, “estimate”, “expect”, “can”, “intend”, “believes”, “may”, “plan”, “predict”, “project”, “forecast”, “will”, “would”, and similar expressions are intended to identify forward looking statements, although not all forward looking statements contain these identifying words. The financial guidance set forth under the heading Performance and Outlook in the Report of the Board of Management contains such forward looking statements. While these forward looking statements represent our judgments and expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from those contained in forward looking statements, including any inability to maintain continued demand for our products; failure of anticipated orders to materialize or postponement or cancellation of orders, generally without charges; the volatility in the demand for semiconductors and our products and services; the extent and duration of the COVID-19 pandemic and measures taken to contain the outbreak, and the associated adverse impacts on the global economy, financial markets, global supply chains and our operations as well as those of our customers and suppliers; failure to develop new and enhanced products and introduce them at competitive price levels; failure to adequately decrease costs and expenses as revenues decline; loss of significant customers, including through industry consolidation or the emergence of industry alliances; lengthening of the sales cycle; acts of terrorism and violence; disruption or failure of our information technology systems; consolidation activity and industry alliances in the semiconductor industry that may result in further increased customer concentration, inability to forecast demand and inventory levels for our products; the integrity of product pricing and protection of our intellectual property in foreign jurisdictions; risks, such as changes in trade regulations, conflict minerals regulations, currency fluctuations, political instability and war, associated with substantial foreign customers, suppliers and foreign manufacturing operations, particularly to the extent occurring in the Asia Pacific region where we have a substantial portion of our production facilities; potential instability in foreign capital markets; the risk of failure to successfully manage our diverse operations; any inability to attract and retain skilled personnel, including as a result of restrictions on immigration, travel or the availability of visas for skilled technology workers as a result of the COVID-19 pandemic; those additional risk factors set forth in Besi's annual report for the year ended December 31, 2022 and other key factors that could adversely affect our businesses and financial performance contained in our filings and reports, including our statutory consolidated statements. We expressly disclaim any obligation to update or alter our forward-looking statements whether as a result of new information, future events or otherwise.

Report of the Board of Management



This report contains the semi-annual financial report of BE Semiconductor Industries N.V. (“Besi” or “the Company”), a Company which was incorporated in the Netherlands in May 1995 as the holding company for a worldwide business engaged in one line of business, the development, manufacturing, marketing, sales and service of semiconductor assembly equipment for the global semiconductor and electronics industries. We are a global company with headquarters at Ratio 6, 6921 RW Duiven, the Netherlands. We operate seven facilities in Asia and Europe for production and development activities as well as ten sales and service offices across Europe, Asia and North America.

The interim financial report for the six months ended June 30, 2023 consists of the condensed interim consolidated financial statements, the report of the Board of Management and responsibility statement by the Company’s Board of Management. The information in this Interim Financial Report is unaudited.

The Board of Management of the Company hereby declares that to the best of their knowledge, the Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole, and the Report of the Board of Management gives a fair review of the information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Performance

Besi reported solid first half year results with revenue and net income of € 295.9 million and € 87.1 million in a challenging industry environment. Revenue and profit development in H1-23 reflected the impact of current adverse market conditions on Besi's business this year with revenue and orders each declining by 28.9% versus H1-22 and net income decreasing 39.2%. Current year revenue and order trends have been adversely affected by a significant, broad based downturn in computing applications versus H1-22 partially offset by a slight uptick in demand for high-end smartphones versus 2022 levels. Automotive order trends remained favorable in H1-23 although slightly below the strong contribution reported in H1-22. Revenue from China increased by € 10.5 million, or 11.4% versus H1-22 reflecting modest improvement in demand for automotive, power and smartphone applications although no meaningful uptrend has been established yet.

We ended the H1-23 with a strong liquidity position including cash and deposits of € 378.3 million post the capital allocation of € 366.8 million to shareholders in the form of our annual cash dividend and ongoing activity under Besi's € 300 million share repurchase program. Cumulatively, Besi has returned € 1.7 billion to shareholders over the past 13 years, representing approximately 30% of total revenue.

We are pleased with our profit performance in H1-23 despite industry challenges with peer leading gross and net margins of approximately 65% and 30%, respectively. Besi's performance this cycle is also significantly ahead of the last downturn. In addition, we completed a strategic review of Besi's business in Q2-23 with a leading consulting firm to help advance our ambitions for expanded revenue and profit potential in the next upcycle.

Progress continues on Besi's hybrid bonding and wafer level assembly roadmap. Activity associated with hybrid bonding adoption has increased significantly over the past six months with the primary focus on customer qualification and testing of processes for next generation architectures and new market applications. We believe that the prospects for wafer level assembly growth have increased successively each quarter. This belief is based on the high-level of interest expressed by, significant resources committed to, and sampling work done by leading front-end customers, OSATs and the development community particularly for data center, AI, mobile and high bandwidth memory applications. The favorable outlook also reflects Besi's first mover advantage, successful move to volume production, improved yields and ongoing progress in developing integrated hybrid bonding production lines with Applied Materials. We are also encouraged by the shipment of Besi's next generation TCB system for qualification in high volume production. Further, the Singapore cleanroom facility was completed recently to support process development for hybrid bonding adoption.

Based on independent industry data, it appears that the assembly equipment market formed a bottom for this downcycle in Q2-23. In addition, customer utilization rates have increased recently although it is too early to say whether such increase represents a seasonal or structural trend. As such, the near-term market outlook remains uncertain and varies per end-user market. Accordingly, we anticipate that revenue in Q3-23 will decline by 20-30% versus Q2-23 due to typical seasonal patterns and current industry conditions. In addition, we expect gross margins to range between 62-64% and for operating expenses to decline by 10-15% versus Q2-23. We also expect that Q4-23 revenue will significantly exceed Q3-23 levels based on scheduled shipments from backlog, particularly for wafer level systems.

Ukraine

As a result of the conflict in the Ukraine, many countries have imposed, and may continue to impose, new sanctions on specified Russian entities and individuals. The direct impact to the Company in the first half of 2023 was negligible from a revenue and sourcing perspective as Besi has no presence in Russia, Ukraine or Belarus. However, the conflict and its direct and indirect consequences have and may continue to exert a drag on the global economy through inflation via energy and commodity prices. The Company implemented price increases on its systems to help compensate for inflationary cost pressures.

Risks and uncertainties

In our Annual Report 2022, we have extensively described certain risk categories and risk factors, which could have a material adverse effect on our financial position and results. The Company believes that the risks identified for the first half of 2023 are in line with the risks that Besi presented in its Annual Report 2022.

Demand for semiconductor devices and expenditures for the equipment required to assemble semiconductors is highly cyclical, depending in large part on levels of demand worldwide for smart phones, tablets and other personal productivity devices, computing and peripheral equipment and automotive and industrial components, as well as the production capacity of global semiconductor manufacturers. Furthermore, a rise or fall in the level of sales of semiconductor equipment typically lags any downturn or recovery in the semiconductor market by approximately three to six months due to the lead times associated with the production of semiconductor equipment.

Outlook

Based on its June 30, 2023 order backlog and feedback from customers, Besi forecasts for Q3-23 that:

- Revenue will decrease by approximately 20-30% vs. the € 162.5 million reported in Q2-23 reflecting current market conditions and seasonal trends
- Gross margin will range between 62-64% vs. the 65.6% realized in Q2-23
- Operating expenses will decrease by 10-15% vs. the € 43.7 million reported in Q2-23

Duiven, July 26, 2023

Richard W. Blickman
President & CEO

Condensed Interim Consolidated Statement of Financial Position

(€ thousands)	**June 30, 2023 (unaudited)**	**December 31, 2022 (audited)**
Assets		
Cash and cash equivalents	192,977	491,686
Deposits	185,370	180,000
Trade receivables	158,543	148,333
Inventories	93,863	92,117
Income tax receivable	3,276	3,554
Other receivables	18,523	18,099
Prepayments	2,344	2,909
Total current assets	**654,896**	**936,698**
Property, plant and equipment	33,438	33,272
Right of use assets	19,083	17,480
Goodwill	45,564	45,746
Other intangible assets	85,409	81,218
Deferred tax assets	17,158	19,563
Other non-current assets	1,163	1,213
Total non-current assets	**201,815**	**198,492**
Total assets	**856,711**	**1,135,190**
Liabilities and equity		
Current portion of long-term debt	298	2,361
Trade payables	47,371	41,431
Income tax payable	7,877	21,735
Provisions	4,860	5,578
Lease liabilities	3,492	3,337
Other payables	44,009	42,461
Other current liabilities	25,979	26,988
Total current liabilities	**133,886**	**143,891**
Long-term debt	304,027	322,815
Lease liabilities	15,907	14,372
Deferred tax liabilities	12,567	13,303
Provisions	11,350	11,347
Other non-current liabilities	477	927
Total non-current liabilities	**344,328**	**362,764**
Share capital	811	811
Share premium	165,609	271,350
Retained earnings	80,502	219,389
Other reserves	131,575	136,985
Total equity	**378,497**	**628,535**
Total liabilities and equity	**856,711**	**1,135,190**

Condensed Interim Consolidated Statement of Operations

(€ thousands, except share and per share data)	For the six months ended June 30, 2023 (unaudited)	2022 (unaudited)
Revenue	295,907	416,365
Cost of sales	103,665	164,307
Gross profit	**192,242**	**252,058**
Selling, general and administrative expenses	58,369	51,913
Research and development expenses	29,293	25,938
Total operating expenses	**87,662**	**77,851**
Operating income	**104,580**	**174,207**
Financial income	6,318	252
Financial expense	(9,534)	(9,777)
Financial income (expense), net	**(3,216)**	**(9,525)**
Income before taxes	**101,364**	**164,682**
Income tax expense	14,215	21,501
Net income	**87,149**	**143,181**
Net income per share		
Basic	1.12	1.81
Diluted [1]	1.09	1.71
Weighted average number of shares used to compute income per share		
Basic	77,799,681	78,981,056
Diluted	83,346,349	85,745,051

[1] The calculation of the diluted income per share for the six months ended June 30, 2023 and 2022 assumes the exercise of the equity-settled share-based payments. The calculation also assumes the conversion of the Company's Convertible Notes due 2023, 2024, 2027 and 2029 respectively, as such conversion would have a dilutive effect.

Condensed Interim Consolidated Statement of Comprehensive Income

(€ thousands)	For the six months ended June 30, 2023 (unaudited)	2022 (unaudited)
Net income	**87,149**	**143,181**
Other comprehensive income (will be reclassified subsequently to profit and loss when specific conditions are met):		
Currency translation differences	(6,390)	10,927
Actuarial gain, net of income tax	99	3,072
Unrealized hedging results, net of income tax	(3,046)	(3,835)
Other comprehensive income for the period, net of income tax	(9,337)	10,164
Total comprehensive income	**77,812**	**153,345**

Condensed Interim Consolidated Statement of Changes in Equity

(€ in thousands, except share data)	**Number of Ordinary Shares outstanding[1]**	**Share capital**	**Share premium**	**Retained earnings**	**Other reserves**	**Total equity**
Balance at January 1, 2023	81,146,738	811	271,350	219,389	136,985	628,535
Currency translation differences	-	-	-	-	(6,390)	(6,390)
Actuarial gain	-	-	-	-	99	99
Unrealized hedging results	-	-	-	-	(3,046)	(3,046)
Other comprehensive income	-	-	-	-	(9,337)	(9,337)
Net income	-	-	-	87,149	-	87,149
Total comprehensive income for the period	-	-	-	87,149	(9,337)	77,812
Dividends paid to owners of the Company	-	-	-	(222,109)	-	(222,109)
Convertible Notes converted into equity	-	-	24,261	-	-	24,261
Legal reserve	-	-	-	(3,927)	3,927	-
Equity-settled share-based payments	-	-	14,725	-	-	14,725
Purchase of treasury shares	-	-	(144,727)	-	-	(144,727)
Balance at June 30, 2023 (unaudited)	**81,146,738**	**811**	**165,609**	**80,502**	**131,575**	**378,497**
Balance at January 1, 2022	78,567,842	786	251,149	261,211	106,128	619,274
Currency translation differences	-	-	-	-	10,927	10,927
Actuarial gain	-	-	-	-	3,072	3,072
Unrealized hedging results	-	-	-	-	(3,835)	(3,835)
Other comprehensive income	-	-	-	-	10,164	10,164
Net income	-	-	-	143,181	-	143,181
Total comprehensive income for the period	-	-	-	143,181	10,164	153,345
Dividends paid to owners of the Company	-	-	-	(269,467)	-	(269,467)
Convertible Notes converted into equity	2,578,896	25	134,735	-	-	134,760
Legal reserve	-	-	-	(7,590)	7,590	-
Equity-settled share-based payments	-	-	12,239	-	-	12,239
Equity component new Convertible Notes	-	-	19,816	-	-	19,816
Purchase of treasury shares	-	-	(36,275)	-	-	(36,275)
Balance at June 30, 2022 (unaudited)	**81,146,738**	**811**	**381,664**	**127,335**	**123,882**	**633,692**

[1] The outstanding number of Ordinary Shares includes 3,617,390 and 2,658,812 treasury shares at June 30, 2023 and at January 1, 2023, respectively, and 554,186 and 598,219 at June 30, 2022 and January 1, 2022, respectively.

Condensed Interim Consolidated Statement of Cash Flows

(€ thousands)	For the six months ended June 30, 2023 (unaudited)	2022 (unaudited)
Cash flows from operating activities		
Income before income tax	101,364	164,682
Adjustments to reconcile income before income tax to net cash flows		
Depreciation, amortization and impairment	12,907	10,988
Share-based payment expense	14,725	12,239
Financial expense, net	3,216	9,525
Effects on changes in assets and liabilities		
Decrease (increase) in trade receivables	(12,921)	(51,654)
Decrease (increase) in inventories	(9,273)	(5,130)
Increase (decrease) in trade payables	8,514	(7,710)
Changes in provisions	(885)	533
Changes in other working capital	(3,713)	(27,790)
	113,934	105,683
Income tax paid	(25,299)	(31,182)
Interest received	3,922	188
Interest paid	(2,429)	(2,152)
Net cash provided by operating activities	**90,128**	**72,537**
Cash flows from investing activities		
Capital expenditures	(3,458)	(2,007)
Capitalized development expenses	(10,641)	(10,890)
Repayment of (investments in) deposits	(5,268)	(289)
Net cash used in investing activities	**(19,367)**	**(13,186)**
Cash flows from financing activities		
Proceeds from Convertible Notes	-	172,176
Payments of lease liabilities	(2,212)	(1,835)
Dividend paid to shareholders	(222,109)	(269,467)
Purchase treasury shares	(144,727)	(36,275)
Net cash used in financing activities	**(369,048)**	**(135,401)**
Net change in cash and cash equivalents	(298,287)	(76,050)
Effect of changes in exchange rates on cash and cash equivalents	(422)	1,236
Cash and cash equivalents at beginning of the period	491,686	451,395
Cash and cash equivalents at end of the period	**192,977**	**376,581**

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

BE Semiconductor Industries N.V. ("Besi" or "the Company") was incorporated in the Netherlands in May 1995 as the holding company for a worldwide business engaged in the development, production, marketing and sales of back-end equipment for the semiconductor industry. Besi's principal operations are in the Netherlands, Switzerland, Austria, Malaysia, Singapore and China. Besi's principal executive office is located at Ratio 6, 6921 RW, Duiven, the Netherlands. Statutory seat of the Company is Amsterdam, number at Chamber of Commerce is 09092395.

2. Basis of preparation and Summary of significant accounting policies

2.1 Basis of preparation

The condensed interim consolidated financial statements for the six months ended June 30, 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Besi's annual consolidated financial statements as at December 31, 2022.

The Condensed interim consolidated financial statements are prepared on the basis that the Company will continue to operate as a going concern.

The Condensed interim consolidated financial statements are stated in thousands of euros unless indicated otherwise.

2.2 Summary of significant accounting policies

The accounting policies adopted in the preparation of the Condensed interim consolidated financial statements are consistent with those applied in the Annual Report 2022. In the process of applying the Company's accounting policies, management has made some judgements that have significant effect on the amounts recognized in the condensed interim consolidated financial statements. Estimates and assumptions used in the preparation of the condensed interim consolidated financial statements are considered consistent with those described in the Annual Report 2022.

A number of new standards and amendments are effective as from January 1, 2023. They do not have a material effect on the Company's Condensed interim consolidated financial statements.

2.3 Segment information

The Company is engaged in one line of business, the development, manufacturing, marketing, sales and service of semiconductor assembly equipment for the global semiconductor and electronics industries. The Company identifies three operating segments. The identified operating segments are Die Attach, Packaging and Plating. The chief operating decision maker reviews each operating segment in detail and certain operational functions are allocated to these operating segments: (i) Product Marketing, (ii) Research and Development, (iii) Customer Project Management, and (iv) General management. Shared functions (Operations, Sales & Service and Spares) and corporate functions (Finance, Legal, Human Resources and IT) do not qualify as operating segments. Hence, Besi identifies three operating segments which meet the IFRS 8 criteria.

IFRS 8 allows for operating segments to be aggregated into one single operating segment if the operating segments share similar economic characteristics. The Company deems the three operating segments to meet the aggregation criteria, as the nature of the products and services, production processes, classes of customer and methods used to distribute the products and provide services and gross margins are similar. Hence the three operating segments are aggregated into a single operating segment; the development, manufacturing, marketing, sales and service of assembly equipment for the semiconductor's back-end segment.

3. Dividend

On April 26, 2023, the Company announced a dividend payment of € 2.85 per ordinary share. The dividend was payable fully in cash. The Company paid an amount of € 222.1 million to shareholders in May 2023.

4. Share repurchase program

On July 21, 2022, Besi announced a € 300 million share repurchase program through October 29, 2023 (the "2022 program"). The 2022 program was initiated for capital reduction purposes and to help offset dilution associated with Besi's Convertible Notes and share issuance under employee stock plans.
During the six months ended June 30, 2023, Besi repurchased 1,882,264 of its ordinary shares at an average price of € 76.83 per share for a total of € 144.7 million. Cumulatively, as of June 30, 2023, a total of 3.7 million shares have been purchased under the 2022 program at an average price of € 65.20 per share for a total of € 241.0 million.

At present, Besi has shareholder authorization to purchase up to an aggregate of 10% of its ordinary shares outstanding (approximately 8.1 million shares) until October 26, 2024.

5. Convertible Notes

During the six months ended June 30, 2023, a principal amount of € 2.1 million and € 22.7 million of the 2016 Convertible Notes and 2017 Convertible Notes were converted into 113,333 and 488,265 ordinary shares, respectively, at the request of Bondholders. As a result, the principal amount outstanding of the 2016 Convertible Notes and 2017 Convertible Notes declined from € 2.4 million and € 32.5 million at December 31, 2022 to € 0.3 million and € 9.8 million at June 30, 2023, respectively.

6. Revenue from contracts with customers

The following table disaggregates the geographical distribution on the Company's revenue billed to customers:

(€ thousands)	**Six months ended June 30,**	
	2023	**2022**
China	102,623	92,095
Korea	34,768	50,417
Ireland	29,303	25,692
Malaysia	22,627	53,716
United States	16,164	35,305
Taiwan	12,312	56,828
Thailand	12,218	23,641
Philippines	8,080	26,874
Other Asia Pacific [1]	27,318	19,778
Other Europe [1]	24,949	15,638
Rest of the World [1]	5,545	16,381
Total revenue	**295,907**	**416,365**

[1] Countries with revenue representing more than 5% of consolidated revenue in the six months ended June 30, 2023 or June 30, 2022 are separately disclosed.

The following table disaggregates the Company's revenue of the three different operating segments:

(€ thousands)	**Six months ended June 30,**	
	2023	**2022**
Die Attach	232,217	341,916
Packaging	52,248	58,086
Plating	11,442	16,363
Total revenue	**295,907**	**416,365**

7. Financial instruments

The Company assumes that the book value of the Company's financial instruments, which consist of cash and cash equivalents, deposits, trade receivables and accounts payable, does not significantly differ from their fair value due to the short maturity of those instruments and to the fact that interest rates are floating or approximate the rates currently available to the Company. For the valuation of the Convertible Notes reference is made to Note 18 of the Annual Report 2022.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of financial assets and financial liabilities, together with the carrying amounts in the Consolidated Statements of Financial Position, are as follows:

(€ thousands)		**June 30, 2023 (unaudited)**
	Carrying amount	**Fair value**
Financial assets		
Forward foreign currency exchange contracts	815	815
Marketable securities for pension liability	534	534
Total	**1,349**	**1,349**
Financial liabilities		
Forward foreign currency exchange contracts	2,255	2,255
Long-term debt [1,2]	304,325	529,213
Total	**306,580**	**531,468**

[1] The fair value of the Convertible Notes included in the long-term debt are based on the closing prices of the Notes on the Deutsche Börse Freiverkehr Market.
[2] Includes short-term portion of long-term debt.

There were no transfers between levels during the six months ended June 30, 2023 and the year ended December 31, 2022.

The only recurring fair value measurement is the valuation of forward exchange contracts for hedging purposes. According to IFRS 13 this measurement is categorized as Level 2. Non-recurring fair value measurements were not applicable in the reporting period.

8. Events after the balance sheet date

There are no events to report.