

**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 December 30, 2022

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 Number 001-37961

**ICHOR HOLDINGS, LTD.**

(Exact name of registrant as specified in its charter)

**Cayman Islands**  
(State or other jurisdiction of  
incorporation)

**001-37961**  
(Commission File Number)

**Not Applicable**  
(IRS Employer Identification No.)

**3185 Laurelview Ct.**  
**Fremont, California 94538**  
(Address of principal executive offices, including Zip Code)

**(510) 897-5200**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

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

**Title of each class**  
Ordinary Shares, par value \$0.0001

**Trading Symbol(s)**  
ICHR

**Name of each exchange on which registered**  
The NASDAQ Stock Market LLC

**Securities registered pursuant to Section 12(g) of the Act:**  
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

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

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

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

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

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

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

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

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

There were 29,005,118 ordinary shares, \$0.0001 par value, outstanding as of February 17, 2023. The aggregate market value of voting ordinary shares held by non-affiliates was \$632,917,000 as of July 1, 2022, the last business day of our most recently completed second fiscal quarter.

**DOCUMENTS INCORPORATED BY REFERENCE**

The information required by Part III of Form 10-K is incorporated herein by reference to the registrant's definitive Proxy Statement relating to its 2023 General Meeting, which will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year.

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## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact included in this report are forward-looking statements. These statements relate to analyses and other information, which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. These forward-looking statements are identified by the use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will” and similar terms and phrases, including references to assumptions. However, these words are not the exclusive means of identifying such statements. These statements are contained in many sections of this report, including those entitled *Item 1 – Business* and *Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations*. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that we will achieve those plans, intentions or expectations. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected.

Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under the sections entitled *Item 1A – Risk Factors* and *Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations* in this report. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements contained in this report under the heading *Item 1A – Risk Factors*, as well as other cautionary statements that are made from time to time in our other filings with the Securities and Exchange Commission and public communications. You should evaluate all forward-looking statements made in this report in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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## PART I

### ITEM 1. BUSINESS

Unless expressly indicated or the context requires otherwise, the terms “Ichor,” “Company,” “we,” “us,” “our,” and similar terms in this report refer to Ichor Holdings, Ltd. and its consolidated subsidiaries.

We use a 52- or 53-week fiscal year ending on the last Friday in December. The following table details our fiscal periods included elsewhere in this report. All references to 2022, 2021, and 2020, including the quarters thereto, relate to our fiscal periods as so detailed.

<u>Fiscal Period</u>	<u>Period Ending</u>	<u>Weeks in Period</u>
Fiscal Year 2022:	December 30, 2022	52
First Quarter	April 1, 2022	13
Second Quarter	July 1, 2022	13
Third Quarter	September 30, 2022	13
Fourth Quarter	December 30, 2022	13
Fiscal Year 2021:	December 31, 2021	53
First Quarter	March 26, 2021	13
Second Quarter	June 25, 2021	13
Third Quarter	September 24, 2021	13
Fourth Quarter	December 31, 2021	14
Fiscal Year 2020:	December 25, 2020	52
First Quarter	March 27, 2020	13
Second Quarter	June 26, 2020	13
Third Quarter	September 25, 2020	13
Fourth Quarter	December 25, 2020	13

#### Company Overview

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We are a leader in the design, engineering, and manufacturing of critical fluid delivery subsystems and components for semiconductor capital equipment. Our primary product offerings include gas and chemical delivery systems and subsystems, collectively known as fluid delivery systems and subsystems, which are key elements of the process tools used in the manufacturing of semiconductor devices. Our gas delivery subsystems deliver, monitor, and control precise quantities of the specialized gases used in semiconductor manufacturing processes such as etch and deposition. Our chemical delivery systems and subsystems precisely blend and dispense the reactive liquid chemistries used in semiconductor manufacturing processes such as chemical-mechanical planarization, electroplating, and cleaning. We also provide precision-machined components, weldments, electron beam (“e-beam”) and laser-welded components, precision vacuum and hydrogen brazing and surface treatment technologies, and other proprietary products. This vertically integrated portion of our business is primarily focused on metal and plastic parts that are used in gas and chemical systems, respectively.

Fluid delivery subsystems ensure accurate measurement and uniform delivery of specialty gases and chemicals at critical steps in the semiconductor manufacturing processes. Any malfunction or material degradation in fluid delivery reduces yields and increases the likelihood of manufacturing defects in these processes. Most original equipment manufacturers (“OEMs”) outsource all or a portion of the design, engineering, and manufacturing of their gas delivery subsystems to a few specialized suppliers, including us. Additionally, many OEMs are outsourcing the design, engineering, and manufacturing of their chemical delivery subsystems due to the increased fluid expertise required to manufacture these subsystems. Outsourcing these subsystems has allowed OEMs to leverage the suppliers’ highly specialized engineering, design, and production skills while focusing their internal resources on their own value-added processes. We believe that this outsourcing trend has enabled OEMs to reduce their costs and development time, as well as provide growth opportunities for specialized subsystems suppliers like us.

Our goal is to be a leading supplier of fluid delivery subsystems and components to OEMs engaged in manufacturing capital equipment to produce semiconductors and to leverage our technology and products to expand the share of our addressable markets. To achieve this goal, we engage with our customers early in their design and development processes and utilize our deep engineering resources and operating expertise, as well as our expanded product portfolio, to jointly create innovative and advanced solutions that meet the current and future needs of our customers. We employ this approach with three of the largest manufacturers of semiconductor capital equipment in the world. We believe this approach enables us to design products that meet the precise specifications our customers demand, allows us to often be the sole supplier of these subsystems during the initial production ramp, and positions us to be the preferred supplier for the full five to ten-year lifespan of the process tool.

The broad technical expertise of our engineering team, coupled with our early customer engagement approach, enables us to offer innovative and reliable solutions to complex fluid delivery challenges. With over two decades of experience developing complex fluid delivery subsystems and meeting the constantly changing production requirements of leading semiconductor OEMs, we have developed expertise in fluid delivery that we offer to our OEM customers. In addition, our capital efficient model provides us the flexibility to fulfill increased demand and meet changing customer requirements with relatively low levels of capital expenditures. With an aim to provide superior customer service, we have a global footprint with many facilities strategically located in close proximity to our customers. We have long standing relationships with top tier OEM customers, including Lam Research, Applied Materials, and ASML, which were our three largest customers by sales in 2022.

We generated revenue of \$1,280.1 million, \$1,096.9 million, and \$914.2 million in 2022, 2021, and 2020, respectively. We generated net income of \$72.8 million, \$70.9 million, and \$33.3 million, calculated in accordance with generally accepted accounting principles in the United States (“GAAP”) in 2022, 2021, and 2020, respectively, and \$104.9 million, \$97.7 million, and \$59.0 million on a non-GAAP basis, respectively. See *Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations, Non-GAAP Results* for a discussion of non-GAAP net income, an accompanying presentation of the most directly comparable financial measure, GAAP net income, and a reconciliation of the differences between non-GAAP net income and GAAP net income.

## **Our Competitive Strengths**

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As a leader in the fluid delivery industry, we believe that our key competitive strengths include the following:

### *Deep Fluids Engineering Expertise*

We believe that our engineering team, comprised of chemical, mechanical, electrical, software, and systems engineers, has positioned us to expand the scope of our solutions, provide innovative products and subsystems, and strengthen our incumbent position at our OEM customers. Our engineering team acts as an extension of our customers’ product development teams, providing our customers with technical expertise that is outside of their core competencies.

### *Early Engagement with Customers on Product Development*

We seek to engage with our customers and potential customers very early in their process for new product development. We believe this approach enables us to collaborate on product design, qualification, manufacturing, and testing in order to provide a comprehensive, customized solution. Through early engagement during the complex design stages, our engineering team gains early insight into our customers’ technology roadmaps which enables us to pioneer innovative and advanced solutions. In many cases, our early engagement with our customers enables us to be the sole source supplier when the product is initially introduced.

### *Long History and Strong Relationships with Top Tier Customers*

We have established deep relationships with top tier OEMs, including Lam Research, Applied Materials, and ASML. Our customers are global leaders by sales in the semiconductor capital equipment industry. Our existing relationships with our customers have enabled us to effectively compete for new fluid delivery subsystems for our customers’ next generation products in development. We leverage our deep-rooted existing customer relationships with these market leaders to penetrate new business opportunities created through industry consolidation. Our close collaboration with them has contributed to our established market position and several key supplier awards.

### *Operational Excellence with Scale to Support the Largest Customers*

With over 20 years of experience in designing and building fluid delivery systems, we have developed deep capabilities in operations. We have strategically located our manufacturing facilities near our customers’ locations in order to provide fast and efficient responses to new product introductions and accommodate configuration or design changes late in the manufacturing process. We will continue to add capacity as needed to support future growth. In addition to providing high quality and reliable fluid delivery subsystems, one of our principal strategies is delivering the lead-times that provide our customers the required flexibility needed in their production processes. We have accomplished this by investing in manufacturing systems and processes and an efficient supply chain. Our focus on operational efficiency and flexibility allows us to reduce manufacturing cycle times in order to respond quickly to customer requests and lead-times that are often less than four weeks.

### *Capital Efficient and Scalable Business Model*

Our business requires modest levels of capital investments to support production capacity and new product development and can fluctuate over time depending on the business outlook and new product strategy and timing of introduction. In 2022, 2021, and 2020, our total capital expenditures were \$29.4 million, \$20.8 million, and \$10.3 million, respectively, representing 2.3%, 1.9%, and 1.1%, of sales, respectively. In 2022, we significantly increased our precision machining manufacturing capacity, representing approximately 80% of 2022 capital expenditures. The semiconductor capital equipment market has historically been cyclical. We have structured our business to minimize fixed manufacturing overhead and operating expenses to enable us to grow net income at a higher rate than sales during periods of growth. Conversely, our low fixed cost approach allows us to minimize the impact of cyclical downturns on our net income but results in a lower level of gross margin leverage or improvement as a percentage of sales in times of increased demand.

### **Our Growth Strategy**

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Our objective is to enhance our position as a leader in providing fluid delivery solutions, including subsystems, components, and legacy tool refurbishment, to our customers by leveraging our core strengths. The key elements of our growth strategy are:

#### *Grow Our Market Share within Existing Customer Base*

We intend to grow our position within our existing customers by continuing to leverage our specialized engineering talent, early collaboration approach with OEMs to foster long-term relationships, and expanded product offerings. Each of our customers produces many different process tools for various process steps. At each customer, we are an outsourced supplier of fluid delivery subsystems and components for a subset of their entire process tool offerings. We are constantly looking to expand our market share at our existing customers. We believe that our early collaborative approach with customers positions us to deliver innovative and dynamic solutions, offer timely deployment and meet competitive cost targets, further increasing our market share. Through our acquisition of IMG Companies, LLC, a precision machining and specialty component manufacturing company (together with its subsidiaries, “IMG”), in November 2021, our acquisition of a precision machining operation in December 2020, an intellectual property purchase of developed flow controller technology in 2019, and our acquisitions of a weldment company and a precision machining company in 2017, we significantly expanded our product offerings within our served customer base, including entering the market for chemical delivery subsystems for wet process tools where we had only limited engagement in the past. Using this and our existing engineering capability, we developed a liquid delivery module for use on a wet process equipment system that met the specifications of, and was qualified by, one of our largest customers and a market leader in this space.

#### *Grow Our Total Available Market and Share of the Market with Expanded Product Offerings*

We continue to work with our existing core customers on additional opportunities, including machined components, chemical delivery, and proprietary products as a few of our important potential growth areas. We believe that the industries we serve have a growing need for the unique expertise we offer in precision machining, fluid mechanics, controls, and the component needed for next generation processes. For example, as semiconductor devices become more complex, atomic layer deposition (“ALD”), etch, and chemical vapor deposition (“CVD”) require more precise gas control, with faster response times, tighter repeatability, and cleaner, more corrosion-resistant systems. By leveraging our existing customer relationships and strong history of solving these challenges, we believe this will grow market share. Through our acquisition of a precision machining operation in December 2020, our intellectual property purchase of developed flow controller technology in 2019, our acquisition of a Korean gas panel supplier in 2018, and our acquisitions of a weldment company and a precision machining company in 2017, we significantly expanded our served customer base with expanded product offerings. The acquisitions allow us to manufacture and assemble the complex plastic and metal products and precision machined components for the semiconductor equipment, including our existing customer base, as well as medical device, and general-industrial industries, while providing us exposure to and growth opportunities in the Korean and Japanese semiconductor capital equipment market.

Through our acquisition of IMG in November 2021, we have opened up adjacent opportunities within semiconductor capital equipment, including large format machining, hydrogen brazing, and e-beam and laser welding. Additionally, our acquisition of IMG gave us entrance into new sectors, including medical, aerospace defense, and scientific research, which require our critical machining and joining expertise.

#### *Expand Our Total Customer Base within Fluid Delivery Market*

We have expanded our customer base and are currently a supplier of gas delivery systems for a leading lithography system manufacturer, a leading ALD system manufacturer, and Korean process tool OEMs. Our acquisition of IMG further expands our total customer base with new customers in medical, aerospace, and defense sectors. We continue to actively engage with new customers that are considering outsourcing their gas and chemical delivery needs as well as expanding our components business.

*Continue to Improve Our Manufacturing Process Efficiency*

We continually strive to improve our processes to reduce our manufacturing process cycle time, improve our ability to respond to short lead-time and last-minute configuration changes, reduce our manufacturing costs, and improve our inventory efficiency requirements in order to improve profitability and make our product offerings more attractive to new and existing customers.

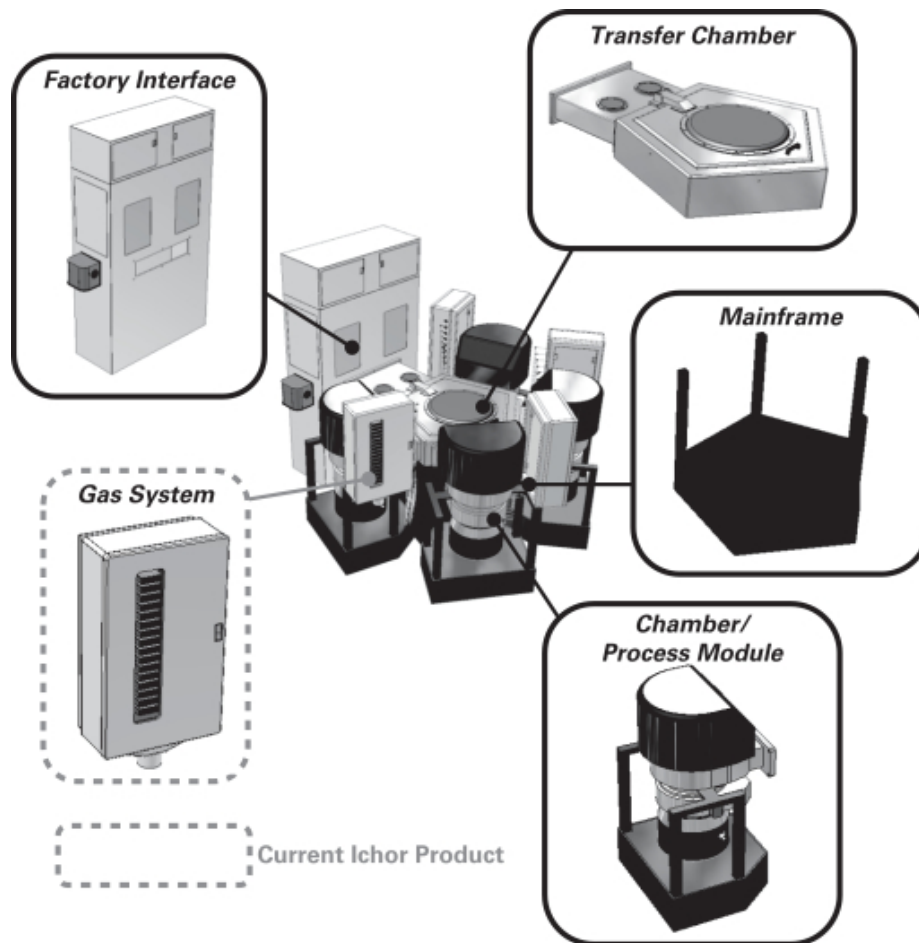
**Our Products and Services**

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We are a leader in the design, engineering and manufacturing of critical fluid delivery subsystems. Our product and service offerings are classified in the following categories:

*Gas Delivery Subsystems*

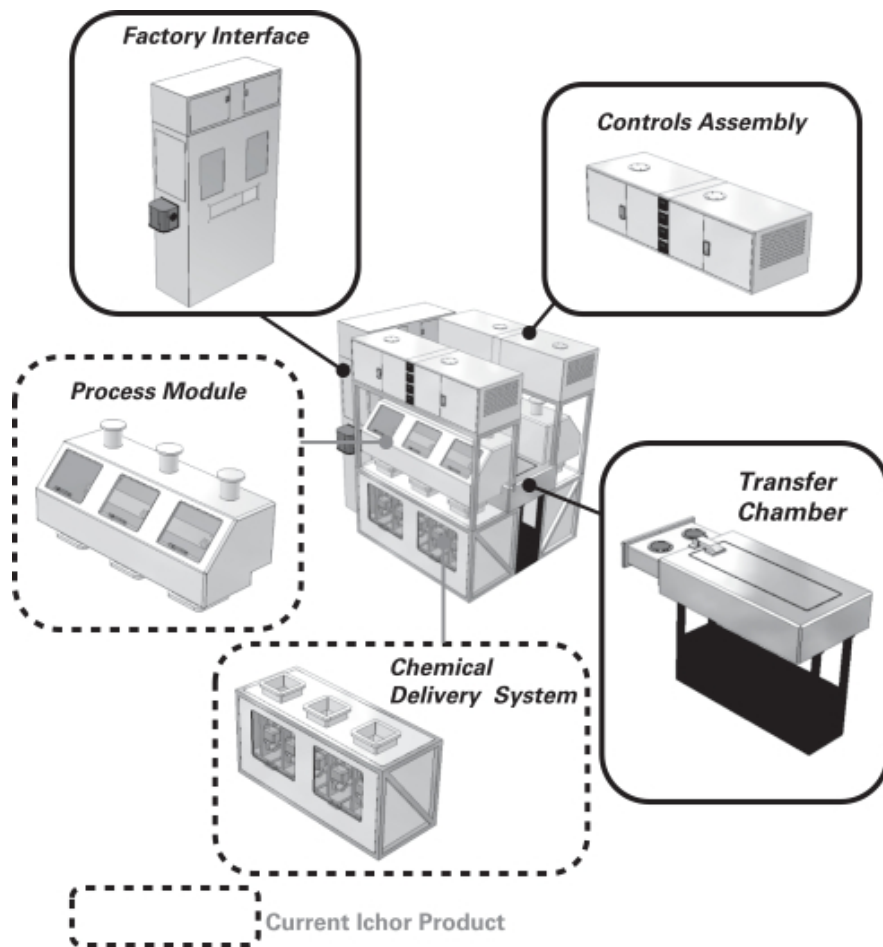
Gas delivery is among the most technologically complex functions in semiconductor capital equipment and is used to deliver, monitor and control precise quantities of the vapors and gases critical to the manufacturing process. Our gas delivery systems consist of a number of gas lines, each controlled by a series of mass flow controllers, regulators, pressure transducers, and valves, and an integrated electronic control system. Our gas delivery subsystems are primarily used in equipment for “dry” manufacturing processes, such as etch, chemical vapor deposition, physical vapor deposition, epitaxy, and strip.



### *Chemical Delivery Products and Subsystems*

Our chemical delivery products and subsystems are used to precisely blend and dispense reactive chemistries and colloidal slurries critical to the specific “wet” front-end process, such as wet clean, electro chemical deposition, and chemical-mechanical planarization (“CMP”). In addition to the chemical delivery subsystem, we also manufacture the process modules that apply the various chemicals directly to the wafer in a process and application-unique manner to create the desired chemical reaction.

The image below shows a typical wet-process front end semiconductor tool, with a chemical delivery subsystem and corresponding application process module highlighted:



### *Weldments and Specialty Joining*

Our complete offering of weldments support the delivery of gases through the process tool. We have developed both automated and manual welding processes to support world class workmanship on all types of metals needed to support fluid delivery within the semiconductor market. The welded assemblies are used in both wet and dry processes, non-semi applications including aerospace and defense, medical, and general industrial markets. We offer a wide range of specialty joining technologies including orbital, tungsten inert gas (“TIG”), e-beam, and laser welding, as well as hydrogen and vacuum brazing.

### *Precision Machining*

Precision machining provides us the ability to supply our customers with components used in our gas delivery systems and weldments, while also providing custom machined solutions throughout customers’ equipment. Many of these items are used downstream of the gas system and in process critical applications. Our precision machined products can be used in both wet and dry applications and include both small- and large-format machining applications. Machined components are also provided to other critical non-semiconductor markets, including aerospace and medical.



## **History**

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We were originally incorporated as Celerity, Inc. (“Celerity”) in 1999. Our business of designing and manufacturing critical systems for semiconductor capital equipment manufacturers operated as a standalone business until 2009 when Celerity sold the business to a private equity fund. Francisco Partners acquired the business in December 2011 and formed Ichor Holdings, Ltd., an exempt company incorporated in the Cayman Islands, in March 2012 to serve as the parent company as part of a restructuring to accommodate the expansion of our business in Singapore and Malaysia. We completed the initial public offering of our ordinary shares in December 2016. We have grown through opportunistic acquisitions, which include:

- In April 2012, we acquired Semi Scenic UK Limited to provide refurbishment services for legacy tools.
- In April 2016, we purchased Ajax-United Patterns & Molds, Inc. for \$17.6 million to add chemical delivery subsystem capabilities with existing customers.
- In July 2017 we acquired Cal-Weld, Inc. for \$56.2 million to add to our gas delivery subsystem and weldment capabilities.
- In December 2017 we acquired Talon Innovations Corporation for \$137.8 million to add to our gas delivery subsystem, precision machining, and component manufacturing capabilities.
- In April 2018, we acquired IAN Engineering Co., Ltd. for \$6.5 million to provide us exposure to and growth opportunities in the Korean semiconductor capital equipment market.
- In December 2020, we acquired certain operating assets and assumed the operations of a business in Nogales, Mexico for \$5.0 million to increase our precision machined component manufacturing capacity.
- In November 2021, we acquired IMG for approximately \$270.0 million to increase our precision machining capacity and capabilities with existing customers, as well as increase our served customer base.

We intend to continue to evaluate opportunistic acquisitions to supplement our organic growth.

## **Customers, Sales, and Marketing**

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We primarily market and sell our products directly to equipment OEMs in the semiconductor equipment market. In Japan, we utilize a value-added reseller to market and sell our chemical delivery system. We are dependent upon a small number of customers, as the semiconductor equipment manufacturer market is highly concentrated with five companies accounting for over 70% of all process tool revenues. For 2022, our two largest customers were Lam Research and Applied Materials, which accounted for a combined 79% of sales, respectively. We do not have long-term contracts that require customers to place orders with us in fixed or minimum volumes, and we generally operate on a purchase order basis with customers.

Our sales and marketing efforts focus on fostering close business relationships with our customers. As a result, we locate many of our account managers near the customer they support. Our sales process involves close collaboration between our account managers and engineering and operations teams. Account managers and engineers work together with customers and in certain cases provide on-site support, including attending customers’ internal meetings related to production and engineering design. Each customer project is supported by our account managers and customer support team who ensure we are aligned with all of the customer’s quality, cost, and delivery expectations.

## **Operations, Manufacturing, and Supply Chain Management**

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We have developed a highly flexible manufacturing model with cost-effective locations situated nearby the manufacturing facilities of our largest customers. We have facilities in the United States, Singapore, Malaysia, the United Kingdom, Korea, and Mexico.

### *Operations*

Our product cycle engagements begin by working closely with our customers to outline the solution specifications before design and prototyping even begin. Our design and manufacturing process is highly flexible, enabling our customers to make alterations to their final requirements throughout the design, engineering, and manufacturing process. This flexibility results in significantly decreased order-to-delivery cycle times for our customers. For instance, it can take as little as 20 to 30 days for us to manufacture a gas delivery system with fully evaluated performance metrics after receiving an order.

## *Manufacturing*

We are ISO 9001 certified or compliant at our manufacturing locations, and our manufactured subsystems and modules adhere to strict design tolerances and specifications. We operate Class 100 and Class 10,000 clean room facilities for customer-specified testing, assembly, and integration of high-purity gas and chemical delivery systems at our locations in Singapore, Oregon, Texas, and Korea. We operate additional facilities in Malaysia, Oregon, Texas, and California for weldments and related components used in our gas delivery subsystems, and we operate facilities in Oregon and Malaysia for critical components used in our chemical delivery subsystems. We operate facilities in California, Minnesota, and Mexico for precision machining of components for sale to our customers and internal use, as well as specialty joining and plating technologies. Many of our facilities are located in close proximity to our largest customers to allow us to collaborate with them on a regular basis and to enable us to deliver our products on a just-in-time basis, regardless of order size or the degree of changes in the applicable configuration or specifications.

We qualify and test key components that are integrated into our subsystems and test our fluid delivery subsystems during the design process and again prior to shipping. Our quality management system allows us to access real-time corrective action reports, non-conformance reports, customer complaints, and controlled documentation. In addition, our senior management conducts quarterly reviews of our quality control system to evaluate effectiveness. Our customers also complete quarterly surveys which allow us to measure satisfaction.

## *Supply Chain Management*

We use a wide range of components and materials in the production of our gas and chemical delivery systems, including filters, mass flow controllers, regulators, pressure transducers, substrates, and valves. We obtain components and materials from a large number of sources, including single source and sole source suppliers.

We use supplier-consigned material and just-in-time stocking programs for a portion of our inventories to better manage our component inventories and better respond to changing customer requirements. These approaches enable us to reduce our inventory levels and maintain flexibility in responding to changes in product demand. A key part of our strategy is to identify multiple suppliers with a strong global reach that are located within close proximity to our manufacturing locations.

## **Technology Development and Engineering**

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We have a long history of engineering innovation and development. We continue to transition from being an integration engineering and components company into a gas and chemical delivery system and subsystem leader with product development and systems engineering, as well as integration expertise. Our industry continues to experience rapid technological change, requiring us to continuously invest in technology and product development and regularly introduce new products and features that meet our customers' evolving requirements.

We have built a team of fluid delivery experts. As of December 30, 2022, our engineering team consisted of approximately 90 engineers and designers with mechanical, electrical, chemical, systems, and software expertise. Our engineers are closely connected with our customers and typically work at our customers' sites and operate as an extension of our customers' design team. We engineer within our customers' processes, design vaults, drawing standards, and part numbering systems. These development efforts are designed to meet specific customer requirements in the areas of subsystem design, materials, component selection, and functionality. The majority of our sales are generated from projects during which our engineers cooperated with our customer early in the design cycle. Through this early collaborative process, we become an integral part of our customers' design and development processes, and we are able to quickly anticipate and respond to our customers' changing requirements.

Our engineering team also works directly with our suppliers to help them identify new component technologies and make necessary changes in, and enhancements to, the components that we integrate into our products. Our analytical and testing capabilities enable us to evaluate multiple supplier component technologies and provide customers with a wide range of appropriate component and design choices for their gas and chemical delivery systems and other critical subsystems. Our analytical and testing capabilities also help us anticipate technological changes and the requirements in component features for next-generation gas delivery systems and other critical subsystems.

## **Competition**

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The markets for our products are very competitive. When we compete for new business, we face competition from other suppliers of gas or chemical delivery subsystems, and in some cases with the internal manufacturing groups of OEMs. While many OEMs have outsourced the design and manufacturing of their gas and chemical delivery systems, we would face additional competition if in the future these OEMs elected to develop and build these systems internally.

The fluid delivery subsystem market is concentrated, and we face competition, for example, from Ultra Clean Technology, with additional competition from other regional suppliers. The chemical delivery subsystem, weldments, and precision machining industries are fragmented, and we face competition from numerous smaller suppliers. In addition, the market for tool refurbishment is fragmented, and we compete with many regional competitors. The primary competitive factors we emphasize include:

- customer relationships;
- early engagement with customers;
- large and experienced engineering staff;
- design-to-delivery cycle times; and
- flexible manufacturing capabilities.

We expect our competitors to continue to improve the performance of their current products and to introduce new products or new technologies that could adversely affect sales of our current and future products. In addition, the limited number of potential customers in our industry further intensifies competition. We anticipate that increased competitive pressures may cause intensified price-based competition and we may have to reduce the prices of our products. In addition, we expect to face new competitors as we enter new markets.

## **Intellectual Property**

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Our success depends, in part, upon our ability to develop, maintain, and protect our technology and products and to conduct our business without infringing the proprietary rights of others. We continue to invest in securing intellectual property protection for our technology and products and protect our technology by, among other things, filing patent applications. We also rely on a combination of trade secrets and confidentiality provisions, and to a much lesser extent, copyrights and trademarks, to protect our proprietary rights. We have historically focused our patent protection efforts in the United States. As of December 30, 2022, we had 59 granted patents and 67 pending patent applications, of which 26 and 24 were U.S. patents, respectively. While we consider our patents to be valuable assets, we do not believe the success of our business or our overall operations are dependent upon any single patent or group of related patents. In addition, we do not believe that the loss or expiration of any single patent or group of related patents would materially affect our business.

We develop intellectual property for our own use in our products, as well as for our customers. Intellectual property developed on behalf of our customers is generally owned exclusively by those customers. In addition, we have agreed to indemnify certain of our customers against claims of infringement of the intellectual property rights of others with respect to our products. Historically, we have not paid any claims under these indemnification obligations, and we do not have any pending indemnification claims against us.

## **Human Capital Resources**

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As a globally successful company, we believe that we must be a good corporate citizen and socially responsible, while providing a safe and rewarding environment for our employees, who are our greatest strength. All employees of Ichor are committed to a set of core values that define company culture, represent what we believe, and guide our actions. We recognize and value each person's diverse background and unique skill set and seek to foster an environment that encourages personal growth and professional development. We continue to extend our commitment to diversity, inclusion, and equity through specific policies, practices, employee and manager training, and dedicated executive leadership. Below are details demonstrating our commitment in this area.

### *Demographics*

As of December 30, 2022, we had approximately 2,280 full-time employees and 700 contract or temporary workers, which allow flexibility as business conditions and geographic demand change. Of our total workforce, approximately 90 are engineers, 110 are engaged in sales and marketing, 2,635 are engaged in manufacturing, and 145 perform executive and administrative functions. Our employees are not unionized, and we have no participation in works councils. We have not experienced any material work stoppages at any of our facilities in 2022. We believe our relationship with our employees to be good.

### *Total Rewards*

As part of our total rewards philosophy, we believe in offering market-competitive compensation and benefits programs for our employees to attract and retain a talented and productive workforce. Our programs are designed to be externally competitive, internally fair and equitable, and our pay-for-performance philosophy aims to reward each individual for their contributions while striving for equal pay for work regardless of gender, race, or ethnicity. We offer a combination of fixed and variable pay, which can vary by business and function. For our leadership and key talent, we provide equity based long-term compensation to create retention and incentive towards our strategic goals and objectives. We provide benefits that are locally competitive, including retirement and savings plans with company contributions, health and welfare plans aimed to provide protection for employees, and in some instances, protection for employees' families, and we provide a discounted employee stock purchase plan. We invest in wellness programs to promote physical, emotional, and financial well-being. In 2022, we continued our employee cash spot bonus and continuous improvement programs, which recognize employee contributions to our business.

### *Learning and Development*

We support our employees in their career development by providing a multi-dimensional approach to learning and development, including internal and external opportunities for professional development. This includes tuition reimbursement, online training, on the job training, diversity and inclusion training, and managerial coaching. We actively invest in leadership development, cultivating involvement, engagement, and empowerment of our future leaders in an active investment in succession planning and development. We also believe that maintaining an effective employee review and appraisal process, with regular managerial feedback and coaching, is critical to cultivating a learning organization. We adopted two employee resource groups in 2022, *Ichor Women* and *Ichor Pride*, creating increased employee engagement to grow and foster diverse talent.

### *Health and Safety*

We are committed to monitoring and maintaining a healthy and safe environment for our employees. We facilitate "skip level" sessions, periodically survey employees, and use other communication forums to allow employees to express their opinions, concerns, and suggestions to management. We maintain a professional human resources department and provide a whistleblower hotline available to all employees for communicating concerns, including those involving health and safety. We take necessary steps to ensure the health and safety of our employees and extended communities by following, and often exceeding, regulatory guidelines from around the world. We promote having our workforce physically co-located at our facilities to support collaboration, which is a company core value. When necessary, we support remote and hybrid working options for certain office staff. For all of our facilities, we maintain strict guidelines to uphold the safety of our workforce and business continuity, including health screenings, social distancing protocols, the use of personal protective equipment, and, in certain regions, onsite testing protocols. We held onsite flu vaccine clinics during 2022 to support employee preventive health and create ease of access.

### *Community Involvement*

We continued our charitable contributions this past year to include educational scholarships specifically earmarked for under-represented minority groups attending college. We invest in selected local community colleges in the regions where we live and work to support the education and development opportunities supporting the advancement of manufacturing skill sets, such as machinists and welding. We support local foodbanks, sponsor blood drives, and other local charities in communities in which we operate. Our environmental, social, and governance ("ESG") efforts in 2022 were advanced by establishing an ESG council to assist in supporting a sustainable environment for generations to come, cultivating a diverse, equitable, and inclusive employment environment, contributing to the communities where we operate, and upholding the highest code of business ethics and standards. The council embarked on a five-year roadmap in 2022, with 2022 serving as the year for defining data baselines and communicating policies. We are a proud member of the Responsible Business Alliance, and we work with our customers and suppliers to support their ESG goals.

### **Environmental, Health, and Safety Regulations**

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Our operations and facilities are subject to federal, state, and local regulatory requirements and foreign laws and regulations relating to environmental, waste management, and health and safety matters, including those relating to the release, use, storage, treatment, transportation, discharge, disposal, and remediation of contaminants, hazardous substances, and wastes, as well as practices and procedures applicable to the construction and operation of our facilities. We believe that our business is operated in substantial compliance with applicable regulations. However, in the future we could incur substantial costs, including cleanup costs, fines or civil or criminal sanctions, or third-party property damage, or personal injury claims, in the event of violations or liabilities under these laws and regulations, or non-compliance with the environmental permits required at our facilities. Potentially significant expenditures could be required in order to comply with environmental laws that may be adopted or imposed in the future. We are not aware of any threatened or pending environmental investigations, lawsuits, or claims involving us, our operations, or our current or former facilities.

## Available Information

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Our internet address is [ichorsystems.com](http://ichorsystems.com). We make a variety of information available, free of charge, at our Investor Relations website, [ir.ichorsystems.com](http://ir.ichorsystems.com). This information includes our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and any amendments to those reports as soon as reasonably practicable after we electronically file those reports with or furnish them to the Securities and Exchange Commission (“SEC”), as well as our Code of Business Ethics and Conduct and other governance documents.

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file documents electronically with the SEC at [sec.gov](http://sec.gov).

The contents of these websites, or the information connected to those websites, are not incorporated into this report. References to websites in this report are provided as a convenience and do not constitute, and should not be viewed as, incorporation by reference of the information contained on, or available through, the website.

## ITEM 1A. RISK FACTORS

*There are many factors that affect our business and the results of operations, some of which are beyond our control. The following is a description of some important factors that may cause the actual results of operations in future periods to differ materially from those currently expected or desired.*

### Risk Factor Summary

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The following is a summary of some important risk factors that could adversely affect our business, operations, and financial results.

#### *Economic and Strategic Risks*

- Our business depends significantly on expenditures by manufacturers in the semiconductor capital equipment industry.
- We rely on a very small number of OEM customers for a significant portion of our sales.
- Our customers exert a significant amount of negotiating leverage over us.
- The industries in which we participate are highly competitive and rapidly evolving.
- We are exposed to risks associated with weakness in the global economy and geopolitical instability.
- If we do not keep pace with developments in the industries we serve and with technological innovation generally, our products and services may not be competitive.
- We must design, develop, and introduce new products that are accepted by OEMs in order to retain our existing customers and obtain new customers.
- Acquisitions may present integration challenges, and the goodwill, indefinite-lived intangible assets, and other long-term assets recorded in connection with such acquisitions may become impaired.
- We are subject to fluctuations in foreign currency exchange rates.
- Our business has been adversely affected by the COVID-19 pandemic and we continue to face risks related to COVID-19.

#### *Business and Operational Risks*

- The manufacturing of our products is highly complex.
- Defects in our products could damage our reputation, decrease market acceptance of our products, and result in potentially costly litigation.
- We may incur unexpected warranty and performance guarantee claims.
- Our dependence on a limited number of suppliers may harm our production output and increase our costs.
- We are subject to order and shipment uncertainties.
- Our customers generally require that they qualify our engineering, documentation, manufacturing and quality control procedures.
- We may be subject to interruptions or failures in our information technology systems.
- Certain of our customers require that we consult with them in connection with specified fundamental changes in our business.
- Our business is largely dependent on the know-how of our employees, and we generally do not have an intellectual property position that is protected by patents.
- The technology labor market is very competitive, and labor disruptions could materially adversely affect our business.
- Our business is subject to the risks of catastrophic events.

### *Legal and Regulatory Risks*

- Our business is subject to a variety of U.S. and international laws, rules, policies, and other obligations regarding privacy, data protection, and other matters.
- Third parties have claimed and may in the future claim we are infringing their intellectual property.
- From time to time, we may become involved in other litigation and regulatory proceedings.
- As a global company, we are subject to the risks of doing business internationally.
- Changes in U.S. or international trade policy, tariffs, and import/export regulations may have a material adverse effect on our business.
- We are subject to numerous environmental laws and regulations.
- Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business.
- We previously identified material weaknesses in our internal control over financial reporting, and the failure to maintain an effective system of internal controls and procedures may cause investors to lose confidence in our financial reporting.
- Changes in tax laws, tax rates or tax assets and liabilities could materially adversely affect our financial condition and results of operations.

### *Liquidity and Capital Resources Risks*

- We have a substantial amount of indebtedness and are subject to restrictive covenants.
- We are subject to interest rate risk associate with variable rates on our outstanding indebtedness.

### *Ordinary Share Ownership Risks*

- Our quarterly sales and operating results fluctuate significantly from period to period, and the price of our ordinary shares may fluctuate substantially.
- Our articles of association contain anti-takeover provisions that could adversely affect the rights of our shareholders.
- The issuance of preferred shares could adversely affect holders of ordinary shares.
- Our shareholders may face difficulties in protecting their interests under the laws of the Cayman Islands compared to the laws of the United States.
- There can be no assurance that we will not be a passive foreign investment company for any taxable year.
- If a U.S. person is treated as owning at least 10% of our shares, such person may be subject to adverse U.S. federal income tax consequences.

### **Economic and Strategic Risks**

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**Our business depends significantly on expenditures by manufacturers in the semiconductor capital equipment industry, which, in turn, is dependent upon the semiconductor device industry. When that industry experiences cyclical downturns, demand for our products and services is likely to decrease, which would likely result in decreased sales. We may also be forced to reduce our prices during cyclical downturns without being able to proportionally reduce costs.**

Our business, financial condition and results of operations depend significantly on expenditures by manufacturers in the semiconductor capital equipment industry. In turn, the semiconductor capital equipment industry depends upon the current and anticipated market demand for semiconductor devices. The semiconductor device industry is subject to cyclical and volatile fluctuations in supply and demand and in the past has periodically experienced significant downturns, which often occur in connection with declines in general economic conditions, and which have resulted in significant volatility in the semiconductor capital equipment industry. The semiconductor device industry has also experienced recurring periods of over-supply of products that have had a severe negative effect on the demand for capital equipment used to manufacture such products. We have experienced, and anticipate that we will continue to experience, significant fluctuations in customer orders for our products and services as a result of such fluctuations and cycles. Any downturns in the semiconductor device industry could have a material adverse effect on our business, financial condition and results of operations.

In addition, we must be able to appropriately align our cost structure with prevailing market conditions, effectively manage our supply chain and motivate and retain employees, particularly during periods of decreasing demand for our products. We may be forced to reduce our prices during periods of decreasing demand. While we operate under a low fixed cost model, we may not be able to proportionally reduce all of our costs if we are required to reduce our prices. The cyclical and volatile nature of the semiconductor device industry and the absence of long-term fixed or minimum volume contracts make any effort to project a material reduction in future sales volume difficult. If we are not able to timely and appropriately adapt to the changes in our business environment, our business, financial condition and results of operations will be materially adversely affected.

**We rely on a very small number of OEM customers for a significant portion of our sales. Any adverse change in our relationships with these customers could materially adversely affect our business, financial condition and results of operations.**

The semiconductor capital equipment industry is highly concentrated and has experienced significant consolidation in recent years. As a result, a relatively small number of OEM customers have historically accounted for a significant portion of our sales, and we expect this trend to continue for the foreseeable future. For 2022, our top two customers accounted for a combined 79% of sales, and we expect that our sales will continue to be concentrated among a very small number of customers. We do not have any long-term contracts that require customers to place orders with us in fixed or minimum volumes. Accordingly, the success of our business depends on the success of our customers and those customers and other OEMs continuing to outsource the manufacturing of critical subsystems and process solutions to us. Because of the small number of OEMs in the markets we serve, a number of which are already our customers, it would be difficult to replace lost sales resulting from the loss of, or the reduction, cancellation or delay in purchase orders by, any one of these customers, whether due to a reduction in the amount of outsourcing they do, their giving orders to our competitors, an adverse change to their business or financial condition, their acquisition by an OEM who is not a customer or with whom we do less business, or otherwise. We have in the past lost business from customers for a number of these reasons. If we are unable to replace sales from customers who reduce the volume of products and services they purchase from us or terminate their relationship with us entirely, such events could have a material adverse impact on our business, financial condition and results of operations.

Because our customers generally require that they qualify our engineering, documentation, manufacturing and quality control procedures, our ability to add new customers quickly is limited. Qualification is a time-consuming process that involves the inspection and approval by a customer of our engineering, documentation, manufacturing and quality control procedures before that customer will place orders with us. Our ability to lessen the adverse effect of any loss of, or reduction in sales to, an existing customer through the rapid addition of one or more new customers is limited in part because of these qualification requirements. Consequently, the risk that our business, financial condition and results of operations would be materially adversely affected by the loss of, or any reduction in orders by, any of our significant customers is increased. Moreover, if we lost our existing status as a qualified supplier to any of our customers, such customer could cancel its orders from us or otherwise terminate its relationship with us, which could have a material adverse effect on our business, financial condition and results of operations.

Additionally, if one or more of the largest OEMs were to decide to single- or sole-source all or a significant portion of manufacturing and assembly work to a single equipment manufacturer, such a development would heighten the risks discussed above.

**Our customers exert a significant amount of negotiating leverage over us, which may require us to accept lower prices and gross margins or take on increased liability risk in order to retain or expand our market share with them.**

By virtue of our largest customers' size and the significant portion of our sales that is derived from them, as well as the competitive landscape, our customers are able to exert significant influence and pricing pressure in the negotiation of our commercial arrangements and the conduct of our business with them. Our customers often require reduced prices or other pricing, quality or delivery commitments as a condition to their purchasing from us in any given period or increasing their purchase volume, which can, among other things, result in reduced gross margins in order to maintain or expand our market share. Our customers' negotiating leverage also can result in customer arrangements that may contain significant liability risk to us. For example, some of our customers require that we provide them indemnification against certain liabilities in our arrangements with them, including claims of losses by their customers caused by our products. Any increase in our customers' negotiating leverage may expose us to increased liability risk in our arrangements with them, which, if realized, may have a material adverse effect on our business, financial condition and results of operations. In addition, new products often carry lower gross margins than existing products for several quarters following their introduction. If we are unable to retain and expand our business with our customers on favorable terms, or if we are unable to achieve gross margins on new products that are similar to or more favorable than the gross margins we have historically achieved, our business, financial condition and results of operations may be materially adversely affected.

**The industries in which we participate are highly competitive and rapidly evolving, and if we are unable to compete effectively, our business, financial condition and results of operations could be materially adversely affected.**

We face intense competition from other suppliers of gas or chemical delivery subsystems, as well as the internal manufacturing groups of OEMs. Increased competition has in the past resulted, and could in the future result, in price reductions, reduced gross margins or loss of market share, any of which would materially adversely affect our business, financial condition and results of operations. We are subject to significant pricing pressure as we attempt to maintain and increase market share with our existing customers. Our competitors may offer reduced prices or introduce new products or services for the markets currently served by our products and services. These products may have better performance, lower prices and achieve broader market acceptance than our products. OEMs also typically own the design rights to their products. Further, if our competitors obtain proprietary rights to these designs such that we are unable to obtain the designs necessary to manufacture products for our OEM customers, our business, financial condition and results of operations could be materially adversely affected.

Certain of our competitors may have or may develop greater financial, technical, manufacturing and marketing resources than we do. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, devote greater resources to the development, promotion, sale and support of their products and services, and reduce prices to increase market share. In addition to organic growth by our competitors, there may be merger and acquisition activity among our competitors and potential competitors that may provide our competitors and potential competitors with an advantage over us by enabling them to expand their product offerings and service capabilities to meet a broader range of customer needs. The introduction of new technologies and new market entrants may also increase competitive pressures.

**We are exposed to risks associated with weakness in the global economy and geopolitical instability.**

Our business is dependent upon manufacturers of semiconductor capital equipment, whose businesses in turn ultimately depend largely on consumer spending on semiconductor devices. Continuing uncertainty regarding the global economy continues to pose challenges to our business. The COVID-19 pandemic, geopolitical instability, including the conflict between Russia and Ukraine, actual and potential shifts in U.S. and foreign trade, economic and other policies, and rising trade tensions between the United States and China, as well as other global events, have significantly increased macroeconomic uncertainty at a global level. The current macroeconomic environment is characterized by growing recession risk, high inflation, supply chain challenges, shortages of skilled labor and higher labor costs, high interest rates, foreign currency exchange volatility, volatility in the global capital markets, uncertainty in debt markets, and the slow rate of recovery of many countries from recent recessions, which may exacerbate negative trends in business and consumer spending and may cause certain of our customers to push out, cancel or refrain from placing orders for products or services, which may reduce sales and materially adversely affect our business, financial condition and results of operations. Difficulties in obtaining capital, uncertain market conditions or reduced profitability may also cause some customers to scale back operations, exit businesses, merge with other manufacturers, or file for bankruptcy protection and potentially cease operations, leading to customers' reduced research and development funding or capital expenditures and, in turn, lower orders from our customers or additional slow moving or obsolete inventory or bad debt expense for us. These conditions may also similarly affect our key suppliers, which could impair their ability to deliver parts and result in delays for our products or require us to procure products from higher-cost suppliers, or if no additional suppliers exist, to reconfigure the design and manufacture of our products, and we may be unable to fulfill some customer orders. Any of these conditions or events could have a material adverse effect on our business, financial condition and results of operations.

**If we do not keep pace with developments in the industries we serve and with technological innovation generally, our products and services may not be competitive.**

Rapid technological innovation in the markets we serve requires us to anticipate and respond quickly to evolving customer requirements and could render our current product offerings, services and technologies obsolete. In particular, the design and manufacturing of semiconductors is constantly evolving and becoming more complex in order to achieve greater power, performance and efficiency with smaller devices. Capital equipment manufacturers need to keep pace with these changes by refining their existing products and developing new products.

We believe that our future success will depend upon our ability to design, engineer and manufacture products that meet the changing needs of our current and potential customers. This requires that we successfully anticipate and respond to technological changes in design, engineering and manufacturing processes in a cost-effective and timely manner. If we are unable to integrate new technical specifications into competitive product designs, develop the technical capabilities necessary to manufacture new products or make necessary modifications or enhancements to existing products, our business, financial condition and results of operations could be materially adversely affected.

The timely development of new or enhanced products is a complex and uncertain process which requires that we:

- design innovative and performance-enhancing features that differentiate our products from those of our competitors;
- identify emerging technological trends in the industries we serve, including new standards for our products;
- accurately identify and design new products to meet market needs;
- collaborate with OEMs to design and develop products on a timely and cost-effective basis;
- ramp-up production of new products, especially new subsystems, in a timely manner and with acceptable yields;
- manage our costs of product development and the costs of producing the products that we sell;
- successfully manage development production cycles; and
- respond quickly and effectively to technological changes or product announcements by others.

If we are unsuccessful in keeping pace with technological developments for the reasons above or other reasons, our business, financial condition and results of operations could be materially adversely affected.



**We must design, develop, and introduce new products that are accepted by OEMs in order to retain our existing customers and obtain new customers.**

The introduction of new products is inherently risky because it is difficult to foresee the adoption of new standards, coordinate our technical personnel and strategic relationships and win acceptance of new products by OEMs. We attempt to mitigate this risk by collaborating with our customers during their design and development processes. We cannot, however, ensure that we will be able to successfully introduce, market and cost-effectively manufacture new products, or that we will be able to develop new or enhanced products and processes that satisfy customer needs. In addition, new capital equipment typically has a lifespan of five to ten years, and OEMs frequently specify which systems, subsystems, components and instruments are to be used in their equipment. Once a specific system, subsystem, component or instrument is incorporated into a piece of capital equipment, it will often continue to be purchased for that piece of equipment on an exclusive basis for 18 to 24 months before the OEM generates enough sales volume to consider adding alternative suppliers. Accordingly, it is important that our products are designed into the new systems introduced by the OEMs. If any of the new products we develop are not launched or successful in the market, our business, financial condition and results of operations could be materially adversely affected.

**Acquisitions may present integration challenges, and if the goodwill, indefinite-lived intangible assets, and other long-term assets recorded in connection with such acquisitions become impaired, we would be required to record impairment charges, which may be significant.**

We have acquired strategic businesses in the past and if we find appropriate opportunities in the future, we may acquire businesses, products or technologies that we believe are strategic. The process of integrating an acquired business, product or technology may produce unforeseen operating difficulties and expenditures, fail to result in expected synergies or other benefits or absorb significant attention of our management that would otherwise be available for the ongoing development of our business. Our ability to realize anticipated benefits of acquisitions and other strategic initiatives may also be affected by the incurrence of additional indebtedness in connection with financing; regulatory challenges; our ability to retain key employees and customers of the acquired company; our ability to successfully integrate personnel from the acquired company; our ability to establish, integrate or combine operations and systems; or our ability to retain the customers of an acquired business. In addition, we may record a portion of the assets we acquire as goodwill, other indefinite-lived intangible assets or finite-lived intangible assets. We do not amortize goodwill, but rather review it for impairment on an annual basis or whenever events or changes in circumstances indicate that its carrying value may not be recoverable. The recoverability of goodwill and indefinite-lived intangible assets is dependent on our ability to generate sufficient future earnings and cash flows. Changes in estimates, circumstances or conditions, resulting from both internal and external factors, could have a significant impact on our fair valuation determination, which could then have a material adverse effect on our business, financial condition and results of operations.

**We are subject to fluctuations in foreign currency exchange rates, which could cause operating results and reported financial results to vary significantly from period to period.**

The vast majority of our sales are denominated in U.S. dollars. Many of the costs and expenses associated with our Singapore, Malaysian, Korean, and U.K. operations are paid in Singapore dollars, Malaysian ringgit, Korean won, British pounds, or euros, respectively, and we expect our exposure to these currencies to increase as we increase our operations in those countries. As a result, our risk exposure from transactions denominated in non-U.S. currencies is primarily related to the Singapore dollar, Malaysian ringgit, British pound and euro. In addition, because the majority of our sales are denominated in the U.S. dollar, if one or more of our competitors sells to our customers in a different currency than the U.S. dollar, we are subject to the risk that the competitors' products will be relatively less expensive than our products due to exchange rate effects. We have not historically established transaction-based hedging programs. Foreign currency exchange risks inherent in doing business in foreign countries could have a material adverse effect on our business, financial condition and results of operations.

**Our business has been adversely affected by the COVID-19 pandemic, which may continue to negatively affect our business, financial condition, and operating results.**

Our business could be adversely affected by the effects of the ongoing COVID-19 global pandemic, the evolution of which continues to be uncertain. Recurring COVID-19 outbreaks around the world, such as those most recently occurring in China following the suspension of China's zero-COVID policy, have heightened concerns relating to new and potentially more dangerous virus variants, which, if transmitted around the globe, could lead to the re-introduction of restrictions that were in place in 2020, 2021, and to a lesser extent in 2022, or even the adoption of other more strict measures to combat outbreaks. In 2020 and 2021, we experienced adverse impacts to our revenues and operating margins which resulted from reduced factory output stemming from social distancing measures, increased direct costs within our factories associated with employee personal protective equipment, facility cleaning and layout changes, increased logistics costs and employee labor costs, as well as other operating inefficiencies. In particular, the ongoing COVID-19 pandemic and general macroeconomic factors have caused a sustained shortage of skilled labor, increased turnover, and labor cost inflation, which may continue to result in increased labor costs and negatively affect our ability to operate our manufacturing facilities and overall business efficiently. We may face similar effects to our results of operations in the event of a resurgence of COVID-19 into 2023, such as the resurgence of COVID-19 in China in late 2022, which has exacerbated and may continue to exacerbate supply chain disruptions, particularly as China's national policies relating to COVID-19 are susceptible to unpredictable changes.

The COVID-19 pandemic contributed to the current macroeconomic environment and caused significant disruptions and volatility in the global capital markets, which may increase the cost of capital and adversely impact our ability to access capital. A resurgence of COVID-19 or another pandemic with effects similar to those of COVID-19 may adversely affect our liquidity position as well as our customers' ability to make timely payments to us or our ability to make timely payments to our suppliers. As the COVID-19 pandemic continues to evolve, its ultimate impact on our business is subject to change. A severe outbreak of COVID-19 or another pandemic can disrupt our business and adversely materially impact our financial results.

### **Business and Operational Risks**

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**The manufacturing of our products is highly complex, and if we are not able to manage our manufacturing and procurement process effectively, our business, financial condition and results of operations may be materially adversely affected.**

The manufacturing of our products is a highly complex process that involves the integration of multiple components and requires effective management of our supply chain while meeting our customers' design-to-delivery cycle time requirements. Through the course of the manufacturing process, our customers may modify design and system configurations in response to changes in their own customers' requirements. In order to rapidly respond to these modifications and deliver our products to our customers in a timely manner, we must effectively manage our manufacturing and procurement process. If we fail to manage this process effectively, we risk losing customers and damaging our reputation. We may also be subject to liability under our agreements with our customers if we or our suppliers fail to re-configure manufacturing processes or components in response to these modifications. In addition, if we acquire inventory in excess of demand or that does not meet customer specifications, we could incur excess or obsolete inventory charges. We have from time to time experienced bottlenecks and production difficulties that have caused delivery delays and quality control problems. These risks are even greater as we seek to expand our business into new subsystems. In addition, certain of our suppliers have been, and may in the future be, forced out of business as a result of the economic environment. In such cases, we may be required to procure products from higher-cost suppliers or, if no additional suppliers exist, reconfigure the design and manufacture of our products. This could materially limit our growth, adversely impact our ability to win future business and have a material adverse effect on our business, financial condition and results of operations.

**Defects in our products could damage our reputation, decrease market acceptance of our products, and result in potentially costly litigation.**

A number of factors, including design flaws, material and component failures, contamination in the manufacturing environment, impurities in the materials used and unknown sensitivities to process conditions, such as temperature and humidity, as well as equipment failures, may cause our products to contain undetected errors or defects. Errors, defects or other problems with our products may:

- cause delays in product introductions and shipments;
- result in increased costs and diversion of development resources;
- cause us to incur increased charges due to unusable inventory;
- require design modifications;
- result in liability for the unintended release of hazardous materials;
- result in product warranty liability;
- create claims for rework, replacement or damages under our contracts with customers, as well as indemnification claims from customers;
- decrease market acceptance of, or customer satisfaction with, our products, which could result in decreased sales and increased product returns;
- result in the loss of existing customers or impair our ability to attract new customers; or
- result in lower yields for semiconductor manufacturers.

If any of our products contain defects or have reliability, quality or compatibility problems, our reputation may be damaged and customers may be reluctant to buy our products. We may also face a higher rate of product defects as we increase our production levels in periods of significant growth. In addition, we may not find defects or failures in our products until after they are installed in a manufacturer's fabrication facility. We may have to invest significant capital and other resources to correct these problems. Our customers also might seek to recover from us any losses resulting from defects or failures in our products. In addition, hazardous materials flow through and are controlled by certain of our products and an unintended release of these materials could result in serious injury or death. Liability claims could require us to spend significant time and money in litigation or pay significant damages.

**We may incur unexpected warranty and performance guarantee claims that could materially adversely affect our business, financial condition and results of operations.**

In connection with our products and services, we provide various product warranties, performance guarantees and indemnification rights. Warranty or other performance guarantee or indemnification claims against us could cause us to incur significant expense to repair or replace defective products or indemnify the affected customer for losses. In addition, quality issues can have various other ramifications, including delays in the recognition of sales, loss of sales, loss of future sales opportunities, increased costs associated with repairing or replacing products, and a negative impact on our reputation, all of which could materially adversely affect our business, financial condition and results of operations.

**Our dependence on a limited number of suppliers may harm our production output and increase our costs, and may prevent us from delivering acceptable products on a timely basis.**

Our ability to meet our customers' demand for our products depends upon obtaining adequate supplies of quality components and other raw materials on a timely basis. In addition, our customers often specify components from particular suppliers that we must incorporate into our products. We also use consignment and just-in-time stocking programs, which means we carry very little inventory of components or other raw materials, and we rely on our suppliers to deliver necessary components and raw materials in a timely manner. However, our suppliers are under no obligation to continue to provide us with components or other raw materials. As a result, the loss of or failure to perform by any of our key suppliers could materially adversely affect our ability to deliver products on a timely basis. In addition, if a supplier is unable to provide the volume of components we require on a timely basis and at acceptable prices and quality, we would have to identify and qualify replacements from alternative sources of supply, and the process of qualifying new suppliers for complex components is lengthy and could delay our production. We may also experience difficulty in obtaining sufficient supplies of components and raw materials in times of significant growth in our business. If we are unable to procure sufficient quantities of components or raw materials from suppliers, our customers may elect to delay or cancel existing orders or not place future orders, which could have a material adverse effect on our business, financial condition and results of operations.

**We are subject to order and shipment uncertainties, and any significant reductions, cancellations or delays in customer orders could have a material adverse effect on our business, financial condition and results of operations.**

Our sales are difficult to forecast because we generally do not have a material backlog of unfilled orders and because of the short timeframe within which we are often required to manufacture and deliver products to our customers. Most of our sales for a particular quarter depend on customer orders placed during that quarter or shortly before it commences. Our contracts generally do not require our customers to commit to minimum purchase volumes. While most of our customers provide periodic rolling forecasts for product orders, those forecasts do not become binding until a formal purchase order is submitted, which generally occurs only a short time prior to shipment. As a result of the foregoing and the cyclicity and volatility of the industries we serve, it is difficult to predict future orders with precision. Occasionally, we order component inventory and build products in advance of the receipt of actual customer orders. Customers may cancel order forecasts, change production quantities from forecasted volumes, change product specifications or delay production for reasons beyond our control. Furthermore, reductions, cancellations or delays in customer order forecasts usually occur without penalty to, or compensation from, the customer. Reductions, cancellations or delays in forecasted orders could cause us to hold inventory longer than anticipated, which could reduce our gross profit, restrict our ability to fund our operations and result in unanticipated reductions or delays in sales. If we do not obtain orders as we anticipate, we could have excess components for a specific product or finished goods inventory that we would not be able to sell to another customer, likely resulting in inventory write-offs, which could have a material adverse effect on our business, financial condition and results of operations.

**We may be subject to interruptions or failures in our information technology systems.**

We rely on our information technology systems to process transactions, summarize our operating results and manage our business. Our information technology systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber-attack or other security breaches, catastrophic events, such as fires, floods, earthquakes, tornadoes, hurricanes, severe weather, acts of war or terrorism, and usage errors by our employees. If our information technology systems are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we may suffer loss of critical data and interruptions or delays in our operations.

We may be the target of attempted cyber-attacks, computer viruses, malicious code, phishing attacks, denial of service attacks and other information security threats. To date, cyber-attacks have not had a material impact on our financial condition, results or business; however, we could suffer material financial or other losses in the future and we are not able to predict the severity of these attacks. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats, the current global economic and political environment, our prominent size and scale, the outsourcing of some of our business operations, the ongoing shortage of qualified cyber-security professionals, and the interconnectivity and interdependence of third parties to our systems. The occurrence of a cyber-attack, breach, unauthorized access, misuse, computer virus or other malicious code or other cyber-security event could jeopardize or result in the unauthorized disclosure, gathering, monitoring, misuse, corruption, loss or destruction of confidential and other information that belongs to us, our customers, our counterparties, third-party service providers or borrowers that is processed and stored in, and transmitted through, our computer systems and networks. The occurrence of such an event could also result in damage to our software, computers or systems, or otherwise cause interruptions or malfunctions in our, our customers', our counterparties' or third parties' operations. This could result in significant losses, loss of customers and business opportunities, reputational damage, litigation, regulatory fines, penalties or intervention, reimbursement or other compensatory costs, or otherwise materially adversely affect our business, financial condition or results of operations.

The reliability and capacity of our information technology systems is critical to our operations and the implementation of our growth initiatives. Any material disruption in our information technology systems, or delays or difficulties in implementing or integrating new systems or enhancing current systems, could have a material adverse effect on our business, and results of operations.

**Certain of our customers require that we consult with them in connection with specified fundamental changes in our business, and address any concerns or requests such customer may have in connection with a fundamental change.**

Certain of our key customers require that we consult with them in connection with specified fundamental changes in our business, including, among other things:

- entering into any new line of business;
- amending or modifying our organizational documents;
- selling all or substantially all of our assets, or merging or amalgamating with a third party;
- incurring borrowings in excess of a specific amount;
- making senior management changes; and
- entering into any joint venture arrangement.

These customers do not have contractual approval or veto rights with respect to any fundamental changes in our business. However, our failure to consult with such customers or to satisfactorily respond to their requests in connection with any such fundamental change could constitute a breach of contract or otherwise be detrimental to our relationships with such customers, which could have a material adverse effect on our business, financial condition and results of operations.

**Our business is largely dependent on the know-how of our employees, and we generally do not have an intellectual property position that is protected by patents.**

We believe that the success of our business depends in part on our proprietary technology, information, processes and know-how and on our ability to operate without infringing on the proprietary rights of third parties. We rely on a combination of trade secrets and contractual confidentiality provisions and, to a much lesser extent, patents, copyrights and trademarks to protect our proprietary rights. Accordingly, our intellectual property position is more vulnerable than it would be if it were protected primarily by patents. We cannot ensure that we have adequately protected or will be able to adequately protect our technology, that our competitors will not be able to utilize our existing technology or develop similar technology independently, that the claims allowed with respect to any patents held by us will be broad enough to protect our technology or that foreign intellectual property laws will adequately protect our intellectual property rights. If we fail to protect our proprietary rights successfully, our competitive position could suffer. Any future litigation to enforce patents issued to us, to protect trade secrets or know-how possessed by us or to defend ourselves or to indemnify others against claimed infringement of the intellectual property rights of others could have a material adverse effect on our business, financial condition and results of operations.

**Our business will suffer if we are unable to attract, hire, integrate and retain key personnel and other necessary employees, particularly in the highly competitive technology labor market, or if we experience labor disruptions at our facilities.**

Our future success depends in part on the continued service of our key executive officers, as well as our research, engineering, sales and manufacturing personnel, most of whom are not subject to employment or non-competition agreements. Competition for qualified personnel in the technology industry is particularly intense, and we operate in geographic locations in which labor markets are competitive. Our management team has significant industry experience, substantial institutional knowledge of our business and operations and deep customer relationships, and therefore would be difficult to replace. In addition, our business is dependent to a significant degree on the expertise and relationships which only a limited number of engineers possess. Many of these engineers often work at our customers' sites and serve as an extension of our customers' product design teams. The loss of any of our key executive officers or key engineers and other personnel, including our engineers working at our customers' sites, or the failure to attract additional personnel as needed, could have a material adverse effect on our business, financial condition and results of operations and could lead to higher labor costs, the use of less-qualified personnel and the loss of customers. In addition, if any of our key executive officers or other key employees were to join a competitor or form a competing company, we could lose customers, suppliers, know-how and key personnel.

As of December 30, 2022, we had approximately 2,280 full time employees and 700 contract or temporary workers worldwide. None of our employees are unionized, but in various countries, local law requires our participation in works councils. While we have not experienced any material work stoppages at any of our facilities, any stoppage or slowdown could cause material interruptions in manufacturing, and we cannot ensure that alternate qualified personnel would be available on a timely basis, or at all. As a result, labor disruptions at any of our facilities could materially adversely affect our business, financial condition and results of operations.

Furthermore, we do not maintain key person life insurance with respect to any of our employees. Our business will suffer if we are unable to attract, employ and retain highly skilled personnel.

**Our business is subject to the risks of severe weather, earthquakes, fire, power outages, floods, and other catastrophic events, including weather events resulting from climate change, and to interruption by man-made disruptions, such as terrorism.**

Our facilities could be subject to a catastrophic loss caused by natural disasters, including severe weather, fires, earthquakes or other events, including a terrorist attack, a pandemic, epidemic or outbreak of a disease (including COVID-19). Increasing concentrations of greenhouse gasses in the Earth's atmosphere and climate change may produce significant physical effects on weather conditions, such as increased frequency and severity of droughts, storms, floods, and other climatic events. While we maintain disaster recovery plans, they might not adequately protect us. Despite any precautions we take for natural disasters or other catastrophic events, these events, including terrorist attack, a pandemic, epidemic or outbreak of a disease (including COVID-19), hurricanes, fire, floods and ice and snow storms, could result in damage to and closure of our or our customers' facilities or the infrastructure on which such facilities rely. Additionally, it could delay production and shipments, reduce sales, result in large expenses to repair or replace the facility and we may experience extended power outages at our facilities. Disruption in supply resulting from natural disasters or other causalities or catastrophic events may result in certain of our suppliers being unable to deliver sufficient quantities of components or raw materials at all or in a timely manner, disruptions in our operations or disruptions in our customers' operations. Although we carry business interruption insurance policies and typically have provisions in our contracts that protect us in certain events, our coverage might not be adequate to compensate us for all losses that may occur. To the extent that natural disasters or other calamities or causalities should result in delays or cancellations of customer orders, or the delay in the manufacture or shipment of our products, our business, financial condition and results of operations would be materially adversely affected.

### **Legal and Regulatory Risks**

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**Our business is subject to a variety of U.S. and international laws, rules, policies, and other obligations regarding privacy, data protection, and other matters.**

We are subject to federal, state, and international laws relating to the collection, use, retention, security, and transfer of customer, employee, and business partner personally identifiable information, including the European Union's General Data Protection Regulation ("GDPR"), the California Consumer Privacy Act ("CCPA") and similar effective or proposed state legislation in the United States. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between one company and its subsidiaries, and among the subsidiaries and other parties with which we have commercial relations. The introduction of new products or expansion of our activities in certain jurisdictions may subject us to additional laws and regulations. Foreign data protection, privacy, and other laws and regulations, including GDPR, can be more restrictive than those in the United States. These U.S. federal and state and foreign laws and regulations, including GDPR, which can be enforced by private parties or government entities, are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations, including GDPR, are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices. These existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to inquiries or investigations, claims or other remedies, including fines, which may be significant, or demands that we modify or cease existing business practices.

A failure by us, our suppliers, or other parties with whom we do business to comply with posted privacy policies or with other federal, state, or international privacy-related or data protection laws and regulations, including GDPR and CCPA, could result in proceedings against us by governmental entities or others, which could have a material adverse effect on our business, results of operations, and financial condition.

**Third parties have claimed and may in the future claim we are infringing their intellectual property, which could subject us to litigation or licensing expenses, and we may be prevented from selling our products if any such claims prove successful.**

We may in the future receive claims that our products, processes or technologies infringe the patents or other proprietary rights of third parties. In addition, we may be unaware of intellectual property rights of others that may be applicable to our products. Any litigation regarding our patents or other intellectual property could be costly and time-consuming and divert our management and key personnel from our business operations, any of which could have a material adverse effect on our business, financial condition and results of operations. The complexity of the technology involved in our products and the uncertainty of intellectual property litigation increase these risks. Claims of intellectual property infringement may also require us to enter into costly license agreements. However, we may not be able to obtain licenses on terms acceptable to us, or at all. We also may be subject to significant damages or injunctions against the development, manufacture and sale of certain of our products if any such claims prove successful. We also rely on design specifications and other intellectual property of our customers in the manufacture of products for such customers. While our customer agreements generally provide for indemnification of us by a customer if we are subjected to litigation for third-party claims of infringement of such customer's intellectual property, such indemnification provisions may not be sufficient to fully protect us from such claims, or our customers may breach such indemnification obligations to us, which could result in costly litigation to defend against such claims or enforce our contractual rights to such indemnification.

**From time to time, we may become involved in other litigation and regulatory proceedings, which could require significant attention from our management and result in significant expense to us and disruptions in our business.**

We may in the future be named as a defendant from time to time in other lawsuits and regulatory actions relating to our business, such as commercial contract claims, employment claims and tax examinations, some of which may claim significant damages or cause us reputational harm. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot predict the ultimate outcome of any such proceeding. An unfavorable outcome could have a material adverse effect on our business, financial condition and results of operations or limit our ability to engage in certain of our business activities. In addition, regardless of the outcome of any litigation or regulatory proceeding, such proceedings are often expensive, time-consuming and disruptive to normal business operations and require significant attention from our management. As a result, any such lawsuits or proceedings could materially adversely affect our business, financial condition and results of operations.

**As a global company, we are subject to the risks of doing business internationally, including periodic foreign economic downturns and political instability, which may adversely affect our sales and cost of doing business in those regions of the world.**

Foreign economic downturns have adversely affected our business and results of operations in the past and could adversely affect our business and results of operations in the future. In addition, other factors relating to the operation of our business outside of the United States may have a material adverse effect on our business, financial condition and results of operations in the future, including:

- the imposition of governmental controls or changes in government regulations, including tax regulations;
- difficulties in enforcing our intellectual property rights;
- difficulties in developing relationships with local suppliers;
- difficulties in attracting new international customers;
- difficulties in complying with foreign and international laws and treaties;
- restrictions on the export of technology;
- compliance with U.S. and international laws involving international operations, including the Foreign Corrupt Practices Act, export control laws and export license requirements;
- difficulties in achieving headcount reductions due to unionized labor and works councils;
- restrictions on transfers of funds and assets between jurisdictions;
- geo-political instability; and
- trade restrictions and changes in taxes and tariffs.

In the future, we may seek to expand our presence in certain foreign markets or enter emerging markets. Evaluating or entering into an emerging market may require considerable management time, as well as start-up expenses for market development before any significant sales and earnings are generated. Operations in new foreign markets may achieve low margins or may be unprofitable, and expansion in existing markets may be affected by local political, economic and market conditions. As we continue to operate our business globally, our success will depend, in part, on our ability to anticipate and effectively manage these and the other risks noted above. The impact of any one or more of these factors could materially adversely affect our business, financial condition and results of operations.

**Changes in U.S. or international trade policy, tariffs, and import/export regulations may have a material adverse effect on our business, financial condition and results of operations.**

Our international operations and transactions depend upon favorable trade relations between the United States and the foreign countries in which our customers and suppliers have operations. Changes in U.S. or international social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories or countries where we currently sell our products or conduct our business, as well as any negative sentiment toward the U.S. as a result of such changes, could adversely affect our business. Legislators in the U.S. may institute or propose changes in trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the U.S., economic sanctions on individuals, corporations or countries, and other government regulations affecting trade between the U.S. and other countries where we conduct our business. It may be time-consuming and expensive for us to alter our business operations in order to adapt to or comply with any such changes.

As a result of recent trade policy changes in the U.S., there may be greater restrictions and economic disincentives on international trade and a resulting impact on our operations, sales and financial condition. For example, a recent Bureau of Industry and Security (“BIS”) rule (the “BIS Rule”) restricts the export of products when provided for use in certain semiconductor manufacturing activities in China, has impacted and may continue to impact our sales and operations. We have had some delays in export activity as we analyze available emergency authorizations and assess the new licensing requirements for our business. We anticipate we will need additional licenses from BIS for some of our exports as a result of the BIS Rule, and we are in the process of applying for those licenses. If BIS denies our license applications or there are delays in issuing licenses, we may have to cease or delay exports, which would cause a reduction in revenues. Furthermore, to the extent any of our customers or counterparties are designated on the Entity List or Unverified List maintained by BIS, we could suffer additional disruptions to sales and operations.

More broadly, if customers do not view us as a reliable supplier because we cannot obtain the necessary licenses, we may lose business opportunities to competitors. In particular, competitors outside the United States whose products are not subject to the BIS Rule may replace us if we cannot obtain licenses in a timely manner. In the longer term, if our supply is less reliable due to the BIS Rule, Chinese entities that currently purchase our products may begin to develop their own products instead. To the extent that BIS or other relevant regulators impose additional export restrictions that apply to our business, it will have an adverse impact on our revenues and operations as well.

Tariffs and other changes in U.S. trade policy could trigger retaliatory actions by affected countries, and certain foreign governments have instituted or are considering imposing trade sanctions on certain U.S. goods. We do a significant amount of business that would be impacted by changes to the trade policies of the U.S. and foreign countries (including governmental action related to tariffs, international trade agreements, or economic sanctions). Such changes have the potential to adversely impact the U.S. economy or certain sectors thereof, our industry and the global demand for our products. We may not succeed in developing and implementing policies and strategies to counter the foregoing factors effectively in each location where we do business and the foregoing factors may cause a reduction in our sales, profitability or cash flows, or cause an increase in our liabilities.

**We are subject to numerous environmental laws and regulations, including laws and regulations addressing climate change, which could require us to incur environmental liabilities, increase our manufacturing and related compliance costs or otherwise adversely affect our business.**

We are subject to a variety of federal, state, local and foreign laws and regulations governing the protection of the environment or addressing climate change. These environmental laws and regulations include those relating to the use, storage, handling, discharge, emission, disposal and reporting of toxic, volatile or otherwise hazardous materials used in our manufacturing processes. These materials may have been or could be released into the environment at properties currently or previously owned or operated by us, at other locations during the transport of materials or at properties to which we send substances for treatment or disposal. In addition, we may not be aware of all environmental laws or regulations that could subject us to liability in the United States or internationally. If we were to violate or become liable under environmental laws and regulations or become non-compliant with permits required at some of our facilities, we could be held financially responsible and incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, third-party property damage or personal injury claims. Concern over climate change may result in new or increased legal and regulatory requirements to reduce or mitigate the effects of climate change. Increased costs of energy or compliance with emissions standards due to legal or regulatory requirements related to climate change may cause disruptions in or increased costs associated with manufacturing our products.



**Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.**

As a publicly traded company, we are required to comply with the SEC's rules implementing Section 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. Our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act. Accordingly, we may incur additional costs to comply with Section 404(b).

If we identify weaknesses in our internal control over financial reporting, are unable to comply with the requirements of Section 404 in a timely manner or to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by NASDAQ, the SEC or other regulatory authorities, which could require additional financial and management resources.

**We previously identified material weaknesses in our internal control over financial reporting, and if we fail to maintain an effective system of internal controls, disclosure controls, and procedures, we may not be able to accurately report our financial results, prevent fraud, 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 our share price.**

In 2021, we identified material weaknesses related to ineffective information technology general controls ("ITGCs") in the areas of user access and program change management over certain information technology systems that support our financial reporting processes. Certain of these material weaknesses continued into fiscal year 2022 and were not remediated as of December 30, 2022. For a detailed summary of these material weaknesses, including our remediation steps, please refer to *Item 9A – Controls and Procedures*. In addition, we have identified material weaknesses in our internal controls over financial reporting in prior years. If we are unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process, and report financial information accurately and to prepare financial statements within required time periods could be adversely affected, which could subject us to litigation, investigations, or penalties; negatively affect our liquidity, our access to capital markets, perceptions of our creditworthiness, our ability to complete acquisitions, our ability to maintain compliance with covenants under our debt instruments or derivative arrangements regarding the timely filing of periodic reports, or investor confidence in our financial reporting, any of which may divert management resources or cause our stock price to decline. Further, remediation of a material weakness does not provide assurance that our remediation or other controls will continue to operate properly or remain adequate.

**Changes in tax laws, tax rates or tax assets and liabilities could materially adversely affect our financial condition and results of operations.**

As a global company, we are subject to taxation in the United States and various other countries. Significant judgment is required to determine and estimate worldwide tax liabilities. Our future annual and quarterly tax rates could be affected by numerous factors, including changes in applicable tax laws, the amount and composition of pre-tax income in countries with differing tax rates or valuation of our deferred tax assets and liabilities. We have significant operations in the United States and our holding company structure includes entities organized in the Cayman Islands, Netherlands, Singapore and Scotland. As a result, changes in applicable tax laws in these jurisdictions could have a material adverse effect on our financial condition and results of operations.

We are also subject to regular examination by the Internal Revenue Service and other tax authorities, and from time to time we initiate amendments to previously filed tax returns. We regularly assess the likelihood of favorable or unfavorable outcomes resulting from these examinations and amendments to determine the adequacy of our provision for income taxes, which requires estimates and judgments. Although we believe our tax estimates are reasonable, we cannot ensure that the tax authorities will agree with such estimates. We may have to engage in litigation to achieve the results reflected in the estimates, which may be time-consuming and expensive. We cannot ensure that we will be successful or that any final determination will not be materially different from the treatment reflected in our historical income tax provisions and accruals, which could materially and adversely affect our financial condition and results of operations.

## Liquidity and Capital Resources Risks

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**We have a substantial amount of indebtedness, which could adversely affect us, including by decreasing our business flexibility. The agreement that governs our indebtedness contains covenants that could impact our ability to perform certain transactions without obtaining pre-approval from our lenders.**

As of December 30, 2022, we had total principal outstanding of \$142.5 million under our term loan facility and \$160.0 million under our revolving credit facility (collectively “credit facilities”). We may incur additional indebtedness in the future. Our credit facilities contain certain restrictive covenants and conditions, including limitations on our ability to, among other things:

- incur additional indebtedness or contingent obligations;
- create or incur liens, negative pledges or guarantees;
- make investments;
- make loans;
- sell or otherwise dispose of assets;
- merge, consolidate or sell substantially all of our assets;
- make certain payments on indebtedness;
- pay dividends on or make distributions in respect of capital stock or make certain other restricted payments or investments;
- enter into certain agreements that restrict distributions from restricted subsidiaries;
- enter into transactions with affiliates;
- change the nature of our business; and
- amend the terms of our organizational documents.

As a result of these covenants, we may be restricted in our ability to pursue new business opportunities or strategies or to respond quickly to changes in the industries that we serve. A violation of any of these covenants would be deemed an event of default under our credit facilities. In such event, upon the election of the lenders, the loan commitments under our credit facilities would terminate and the principal amount of the loans and accrued interest then outstanding would be due and payable immediately. A default may also result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In the event our lenders accelerate the repayment of our borrowings, we cannot ensure that we and our subsidiaries would have sufficient funds to repay such indebtedness or be able to obtain replacement financing on a timely basis or at all. These events could force us into bankruptcy or liquidation, which could have a material adverse effect on our business, financial condition and results of operations.

We also may need to negotiate changes to the covenants in the agreements governing our credit facilities in the future if there are material changes in our business, financial condition or results of operations, but we cannot ensure that we will be able to do so on terms favorable to us or at all.

Furthermore, our ability to make scheduled payments on or to refinance our indebtedness, including under our credit facilities, depends on our financial condition and results of operations, which are subject to prevailing economic and competitive conditions and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to fund our day-to-day operations or to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to sell assets or operations, seek additional capital or restructure or refinance our indebtedness. If we cannot make scheduled payments on our debt, we will be in default and, as a result, the lenders under our credit facilities could terminate their commitments to loan money, or foreclose against the assets securing such borrowings, and we could be forced into bankruptcy or liquidation, in each case, which would have a material adverse effect on our business, financial condition and results of operations.

**The interest expense associated with our indebtedness is subject to variable rates, and increased debt service costs as a result of higher interest rates could adversely affect our business, financial condition and results of operations.**

Borrowings under our credit facilities are generally subject to variable interest rates, which fluctuate depending on macroeconomic factors, and expose us to interest rate risk. If interest rates increase, our debt service costs on these borrowings would also increase, even if the amount borrowed remains the same, and would require us to use more of our available cash to service our indebtedness, resulting in decreased net income and cash flows, including cash available for servicing our indebtedness. There can also be no assurance that we will be able to enter into swap agreements or other hedging arrangements in the future if we desire to do so, or that any future hedging arrangements will offset increases in interest rates.

## Ordinary Share Ownership Risks

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### **Our quarterly sales and operating results fluctuate significantly from period to period, and this may cause volatility in our share price.**

Our quarterly sales and operating results have fluctuated significantly in the past, and we expect them to continue to fluctuate in the future for a variety of reasons, including the following:

- demand for and market acceptance of our products as a result of the cyclical nature of the industries we serve or otherwise, often resulting in reduced sales during industry downturns and increased sales during periods of industry recovery or growth;
- overall economic conditions;
- changes in the timing and size of orders by our customers;
- strategic decisions by our customers to terminate their outsourcing relationship with us or give market share to our competitors;
- consolidation by our customers;
- cancellations and postponements of previously placed orders;
- pricing pressure from either our competitors or our customers, resulting in the reduction of our product prices or loss of market share;
- disruptions or delays in the manufacturing of our products or in the supply of components or raw materials that are incorporated into or used to manufacture our products, thereby causing us to delay the shipment of products;
- decreased margins for several or more quarters following the introduction of new products, especially as we introduce new subsystems or other products or services;
- changes in design-to-delivery cycle times;
- inability to reduce our costs quickly in step with reductions in our prices or in response to decreased demand for our products;
- changes in our mix of products sold;
- write-offs of excess or obsolete inventory;
- one-time expenses or charges; and
- announcements by our competitors of new products, services or technological innovations, which may, among other things, render our products less competitive.

As a result of the foregoing, we believe that quarter-to-quarter comparisons of our sales and results of operations may not be meaningful and that these comparisons may not be an accurate indicator of our future performance. Changes in the timing or terms of a small number of transactions could disproportionately affect our results of operations in any particular quarter. Moreover, our results of operations in one or more future quarters may fail to meet our guidance or the expectations of securities analysts or investors. If this occurs, we would expect to experience an immediate and significant decline in the trading price of our ordinary shares.

Further, if the market for stocks in our industry or industries related to our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our ordinary shares could decline for reasons unrelated to our business, financial condition and results of operations. If any of the foregoing occurs, it could cause our share price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

### **Our articles of association contain anti-takeover provisions that could adversely affect the rights of our shareholders.**

Our articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of control transactions, including, among other things:

- provisions that authorize our Board of Directors, without action by our shareholders, to issue additional ordinary shares and preferred shares with preferential rights determined by our Board of Directors;
- provisions that permit only a majority of our Board of Directors or the chairman of our Board of Directors to call shareholder meetings and therefore do not permit shareholders to call shareholder meetings; and
- provisions that impose advance notice requirements, minimum shareholding periods and ownership thresholds, and other requirements and limitations on the ability of shareholders to propose matters for consideration at shareholder meetings.

These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction.

**The issuance of preferred shares could adversely affect holders of ordinary shares.**

Our Board of Directors is authorized to issue preferred shares without any action on the part of holders of our ordinary shares. Our Board of Directors also has the power, without shareholder approval, to set the terms of any such preferred shares that may be issued, including voting rights, dividend rights, and preferences over our ordinary shares with respect to dividends or if we liquidate, dissolve or wind up our business and other terms. If we issue preferred shares in the future that have preference over our ordinary shares with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred shares with voting rights that dilute the voting power of our ordinary shares, the rights of holders of our ordinary shares or the price of our ordinary shares could be adversely affected.

**Our shareholders may face difficulties in protecting their interests as a shareholder, as Cayman Islands law provides substantially less protection when compared to the laws of the United States.**

Our corporate affairs are governed by our amended and restated memorandum and articles of association and by the Companies Law (2013 Revision) and common law of the Cayman Islands. The rights of shareholders to take legal action against our directors and us, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands have a less exhaustive body of securities laws as compared to the United States. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action before the United States federal courts.

Furthermore, since we are a Cayman Islands company with a portion our assets located outside of the United States, it may be difficult or impossible for shareholders to bring an action against us in the United States in the event that shareholders believe that their rights have been infringed under U.S. federal securities laws or otherwise. Even if shareholders are successful in bringing an action of this kind, the laws of the Cayman Islands may render shareholders unable to enforce a judgment against our assets. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States.

As a result of all of the above, our shareholders may have more difficulty in protecting their interests through actions against us or our officers, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

**If a U.S. person is treated as owning at least 10% of our shares, such person may be subject to adverse U.S. federal income tax consequences.**

If a U.S. person is treated as owning (directly, indirectly, or constructively) at least 10% of the value or voting power of our shares, such person may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in our group (if any). Because our group includes one or more U.S. subsidiaries, in certain circumstances we could be treated as a controlled foreign corporation or certain of our non-U.S. subsidiaries could be treated as controlled foreign corporations (regardless of whether we are or are not treated as a controlled foreign corporation).

A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income" and investments in United States property by controlled foreign corporations, whether or not we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. A failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may prevent starting of the statute of limitations with respect to such shareholder's U.S. federal income tax return for the year for which reporting was due. We do not intend to monitor whether we are or any of our current or future non-U.S. subsidiaries is treated as a controlled foreign corporation or whether any investor is treated as a United States shareholder with respect to us or any of our controlled foreign corporation subsidiaries. In addition, we cannot provide assurances that we will furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations.

A U.S. investor should consult its tax advisors regarding the potential application of these rules to an investment in our shares in its particular circumstances.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

## ITEM 2. PROPERTIES

Our principal executive offices are located at 3185 Laurelview Ct., Fremont, California 94538. As of December 30, 2022, our principal manufacturing and administrative facilities, including our executive offices, are comprised of approximately 833,400 square feet. All of our facilities are leased, which allows for flexibility as business conditions and geographic demand change. The table below sets forth the approximate square footage of each of our facilities.

<u>Location</u>	<u>Approximate Square Footage</u>
California	271,300
Oregon	172,100
Singapore	97,700
Minnesota	80,900
Mexico	62,900
Texas	47,800
Scotland	37,700
Malaysia	31,900
Korea	18,500
Nevada	12,500

We do not anticipate difficulty in either retaining occupancy of any of our facilities through lease renewals prior to expiration or through month-to-month occupancy or replacing them with equivalent facilities. We believe that our existing facilities and equipment are well maintained, in good operating condition, and are adequate to meet our currently anticipated requirements.

## ITEM 3. LEGAL PROCEEDINGS

We may be subject to various legal claims and proceedings which arise in the ordinary course of our business involving claims incidental to our business, including employment-related claims. We are presently not a party to any material litigation or regulatory proceeding and are not aware of any pending or threatened litigation or regulatory proceeding against us which, individually or in the aggregate, could have a material adverse effect on our business, financial condition, or results of operations.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Holders of Record

As of February 17, 2023, all of our issued ordinary shares were held in "nominee" or "street" name or in our treasury account.

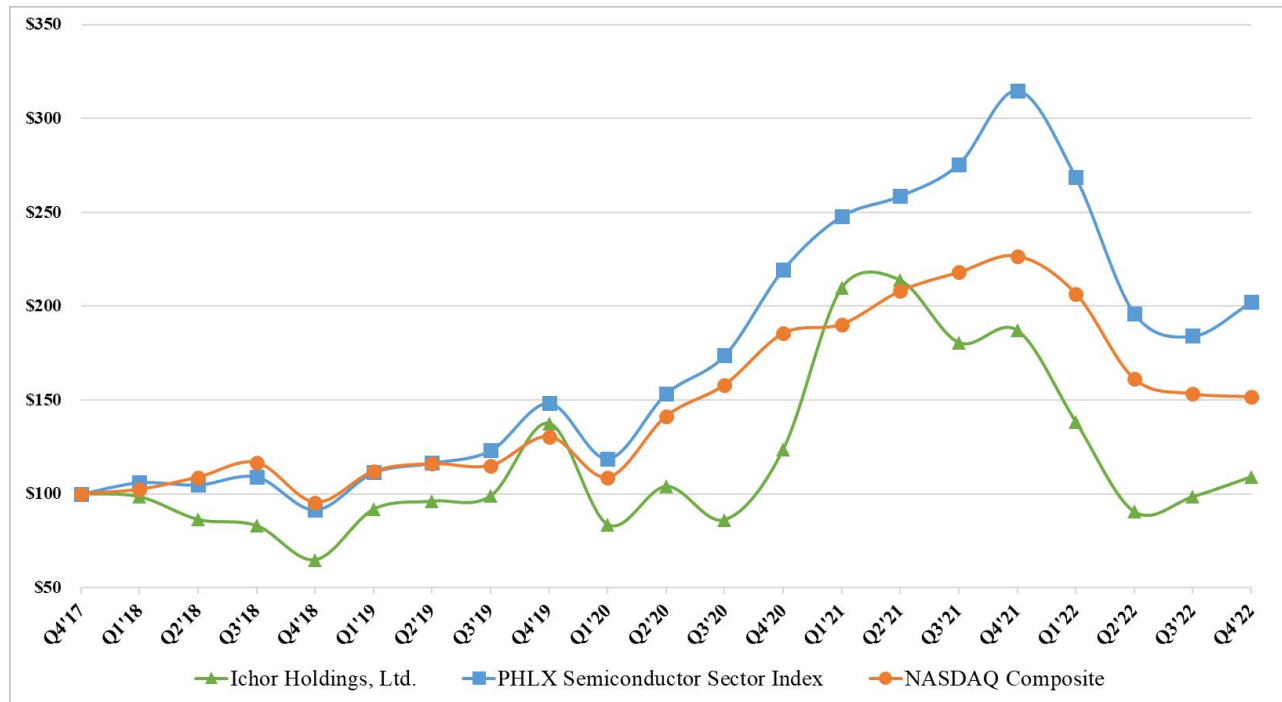
#### Dividends

We do not anticipate that we will pay any cash dividends on our ordinary shares for the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon our financial condition, results of operations, contractual restrictions (including those under our credit facilities and any potential indebtedness we may incur in the future), restrictions imposed by applicable law, tax considerations, and other factors our Board of Directors deems relevant.

## Stock Performance Graph

The information included under the heading *Item 5 – Stock Performance Graph* is “furnished” and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed to be “soliciting material” subject to Regulation 14A or incorporated by reference in any filing under the Securities Act or the Exchange Act.

Our ordinary shares are listed for trading on the NASDAQ under the symbol “ICHR.” The Stock Price Performance Graph set forth below plots the cumulative total shareholder return on a quarterly basis of our ordinary shares from December 29, 2017 through December 30, 2022, with the cumulative total return of the Nasdaq Composite Index and the PHLX Semiconductor Sector Index over the same period. The comparison assumes \$100 was invested on December 29, 2017 in the ordinary shares of Ichor Holdings, Ltd., in the Nasdaq Composite Index, and in the PHLX Semiconductor Sector Index and assumes reinvestment of dividends, if any.



The stock price performance shown on the graph above is not necessarily indicative of future price performance. Information used in the graph was obtained from the Nasdaq Stock Market, a source believed to be reliable, but we are not responsible for any errors or omissions in such information.

**ITEM 6. [RESERVED]**

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes included elsewhere in this report. The following discussion contains forward-looking statements based upon our current plans, expectations and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this report, particularly in the section entitled Item 1A – Risk Factors. For a comparison of our financial condition, results of operations, and cash flows for 2021 to 2020, refer to Part II, Item 7 in our 2021 Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on February 28, 2022.

### Overview

We are a leader in the design, engineering, and manufacturing of critical fluid delivery subsystems and components for semiconductor capital equipment. Our primary product offerings include gas and chemical delivery systems and subsystems, collectively known as fluid delivery systems and subsystems, which are key elements of the process tools used in the manufacturing of semiconductor devices. Our gas delivery subsystems deliver, monitor, and control precise quantities of the specialized gases used in semiconductor manufacturing processes such as etch and deposition. Our chemical delivery systems and subsystems precisely blend and dispense the reactive liquid chemistries used in semiconductor manufacturing processes such as chemical-mechanical planarization, electroplating, and cleaning. We also provide precision-machined components, weldments, e-beam and laser-welded components, precision vacuum and hydrogen brazing and surface treatment technologies, and other proprietary products. This vertically integrated portion of our business is primarily focused on metal and plastic parts that are used in gas and chemical systems, respectively.

Fluid delivery subsystems ensure accurate measurement and uniform delivery of specialty gases and chemicals at critical steps in the semiconductor manufacturing processes. Any malfunction or material degradation in fluid delivery reduces yields and increases the likelihood of manufacturing defects in these processes. Most OEMs outsource all or a portion of the design, engineering, and manufacturing of their gas delivery subsystems to a few specialized suppliers, including us. Additionally, many OEMs are outsourcing the design, engineering, and manufacturing of their chemical delivery subsystems due to the increased fluid expertise required to manufacture these subsystems. Outsourcing these subsystems has allowed OEMs to leverage the suppliers' highly specialized engineering, design, and production skills while focusing their internal resources on their own value-added processes. We believe that this outsourcing trend has enabled OEMs to reduce their costs and development time, as well as provide growth opportunities for specialized subsystems suppliers like us.

We have a global footprint with production facilities in California, Minnesota, Oregon, Texas, Singapore, Malaysia, the United Kingdom, Korea, and Mexico.

The following table summarizes key financial information for the periods indicated. Amounts are presented in accordance with GAAP unless explicitly identified as being a non-GAAP metric. For a description of our non-GAAP metrics and reconciliations to the most comparable GAAP metrics, please refer to *Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Results* within this Annual Report.

	Year Ended	
	December 30, 2022	December 31, 2021
	<i>(dollars in thousands, except per share amounts)</i>	
Net sales	\$ 1,280,069	\$ 1,096,917
Gross margin	16.6%	16.2%
Gross margin, non-GAAP	17.0%	16.7%
Operating margin	6.7%	7.4%
Operating margin, non-GAAP	9.8%	10.7%
Net income	\$ 72,804	\$ 70,899
Net income, non-GAAP	\$ 104,863	\$ 97,698
Diluted EPS	\$ 2.51	\$ 2.45
Diluted EPS, non-GAAP	\$ 3.62	\$ 3.37

## **Key Factors Affecting Our Business**

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### *Investment in Semiconductor Manufacturing Equipment*

The design and manufacturing of semiconductor devices is constantly evolving and becoming more complex in order to achieve greater performance and efficiency. To keep pace with these changes, OEMs need to refine their existing products and invest in developing new products. In addition, semiconductor device manufacturers will continue to invest in new wafer fabrication equipment to expand their production capacity and to support new manufacturing processes.

### *Outsourcing of Subsystems by Semiconductor OEMs*

Faced with increasing manufacturing complexities, more complex subsystems, shorter product lead times, shorter industry spend cycles, and significant capital requirements, outsourcing of subsystems and components by OEMs has continued to grow. In the past two decades, OEMs have outsourced most of their gas delivery systems to suppliers such as us. OEMs have also started to outsource their chemical delivery systems in recent years. Our results will be affected by the degree to which outsourcing of these fluid delivery systems by OEMs continues to grow.

### *Cyclicality of Semiconductor Capital Equipment Industry*

Our business is subject to the cyclicality of the capital expenditures of the semiconductor industry, which drives cyclicality in the semiconductor capital equipment industry in which we operate. In 2022, we derived over 90% of our sales from the semiconductor capital equipment industry. Demand for semiconductor capital equipment can fluctuate significantly based on changes in regulatory intervention and general economic conditions, including consumer spending, demand for semiconductor products, pricing, and other factors. In the past, these fluctuations have resulted in significant variations in the levels of spending within the semiconductor capital equipment industry, and as a result, our results of operations. The cyclicality of the semiconductor industry will continue to impact our results of operations in the future.

### *Customer Concentration*

The number of capital equipment manufacturers for the semiconductor device industry is significantly consolidated, resulting in a small number of large manufacturers. Our customers are a significant component of this consolidation, resulting in our sales being concentrated in a few customers. In 2022, our top two customers were Lam Research and Applied Material, accounting for a combined 79% of sales. Our customers often require reduced prices or other pricing, quality, or delivery commitments as a condition to their purchasing from us in any given period or increasing their purchase volume, which can, among other things, result in reduced gross margins in order to maintain or expand our market share. Although we do not have any long-term contracts that require customers to place orders with us, Lam Research and Applied Materials have been our customers for over a decade.

### *Acquisitions*

In November 2021, we acquired IMG, a California-based leader in precision machining and specialty joining and plating, for approximately \$270.0 million. Between 2017 and 2020, we engaged in four separate business combinations for a combined investment of approximately \$200.0 million. These acquisitions continue to have a significant impact on our financial position and results of operations. We intend to continue to evaluate opportunistic acquisitions to supplement our organic growth, and any such acquisitions could have a material impact on our business and results of operations.

### *Macroeconomic Conditions*

We participated in the continuation of unprecedented demand for semiconductor capital equipment in 2022, driven by increased secular demand for semiconductors, as well as the ever-increasing levels of complexity in the manufacturing thereof. Macroeconomic factors have, however, created, and may continue to create, volatility and uncertainty in our industry, including persistent levels of high inflation, higher interest rates, foreign currency rate fluctuations, and supply chain challenges. Additionally, increased controls around exporting goods and services to China may impact the overall size of the semiconductor capital equipment industry going forward, and the conflict in Ukraine has given rise to potential global security issues that may adversely affect international business and economic conditions as well as economic sanctions imposed by the international community that have impacted the global economy. Regarding the COVID-19 pandemic, although our factories and operations are currently not directly affected by any restrictions, measures, or shutdowns, increases in positive case rates may change the extent to which our business becomes adversely impacted by such restrictions, measures, or shutdowns on a go-forward basis. While these challenging macroeconomic conditions may impact business and customers in the near-term, we believe secular demand for semiconductors, both in quantity and performance, and constant technological innovation will drive long-term, sustainable growth in the semiconductor capital equipment industry.



## Components of Our Results of Operations

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The following discussion sets forth certain components of our statements of operations as well as significant factors that impact those items.

### *Sales*

We generate sales primarily from the design, manufacture, and sale of subsystems and components primarily for semiconductor capital equipment. Sales are recognized when control of promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Our shipping terms are generally “shipping point.” Accordingly, control transfers, and sales are recognized, at the point-in-time of shipment.

### *Cost of Sales and Gross Profit*

Cost of sales consists primarily of purchased materials, direct labor, indirect labor, factory overhead cost, and depreciation expense for our manufacturing facilities and equipment. Our business has a highly variable cost structure with low fixed overhead as a percentage of cost of sales. In addition, our existing global manufacturing plant capacity is scalable, and we are able to adjust to increased customer demand for our products without significant additional capital investment. We operate our business in this manner to avoid having excessive fixed costs during a cyclical downturn while retaining flexibility to expand our production volumes during periods of growth. However, this approach results in a smaller increase in gross margin as a percentage of sales in times of increased demand.

Since the gross margin on each of our products differs, our overall gross margin as a percentage of our sales changes based on the mix of products we sell in any period.

### *Operating Expenses*

Our operating expenses primarily include research and development and sales, general, and administrative expenses. Personnel costs are the most significant component of operating expenses and consist of salaries, benefits, bonuses, and share-based compensation. Operating expenses also include overhead costs for facilities, IT, and depreciation. In addition, our operating expenses include amortization expense of acquired intangible assets and certain non-recurring costs, including facility shutdown costs and executive transition-related costs.

*Research and development* – Research and development expense consists primarily of activities related to product design and other development activities, new component testing and evaluation, and test equipment and fixture development. We expect research and development expense will continue to increase in absolute dollars due to continued development of our own intellectual property and product offerings for existing and new customer markets and increases in our customers’ demand for new product designs.

*Selling, general, and administrative* – Selling expense consists primarily of salaries and commissions paid to our sales and sales support employees and other costs related to the sales of our products. General and administrative expense consists primarily of salaries and overhead associated with our administrative staff, professional fees, and depreciation and other allocated facility related costs. We expect selling expenses to increase in absolute dollars as we continue to invest in expanding our markets and as we expand our international operations. We expect general and administrative expenses to also increase in absolute dollars due to an increase in employee-related costs, regulatory compliance, and accounting expenses.

*Amortization of intangibles* – Amortization of intangible assets is related to our finite-lived intangible assets and is computed using the straight-line method over the estimated economic life of the asset.

### *Interest Expense*

Interest expense consists of interest on our outstanding debt under our credit facilities, including amortization of debt issuance costs, and any other indebtedness we may incur in the future. Borrowings under our credit facilities are generally subject to variable interest rates, which fluctuate depending on macroeconomic factors and can result in increased interest expense in periods of rising interest rates.

### *Other Expense (Income), Net*

The functional currency of our international operations is the U.S. dollar. Transactions denominated in currencies other than the functional currency generate foreign exchange gains and losses that are included in other expense (income), net on the accompanying consolidated statements of operations. Substantially all of our sales contracts, and most of our agreements with third-party suppliers, provide for pricing and payment in U.S. dollars. Accordingly, these transactions are not subject to material exchange rate fluctuations.

### Income Tax Expense

Income tax expense consists primarily of taxes on our taxable income related to our domestic and foreign operations, offset by the benefit of our tax holiday in Singapore, which was extended through 2026. In 2022, the tax benefit resulting from our Singapore tax holiday, compared to the Singapore statutory tax rate, was approximately \$11.7 million. Income tax is also impacted by certain withholding taxes, stock option and restricted share unit (“RSU”) activity, and credit generation.

### Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales, expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

The critical accounting policies requiring estimates, assumptions, and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

### Inventory Valuation

Inventories are stated at the lower of cost or net realizable value. The majority of our inventories are valued on a standard cost basis, which approximates actual costs on a first-in, first-out basis. The remainder of our inventories are valued on an average cost basis, which approximates actual costs on a first-in, first-out basis. Quarterly, we assess the value of our inventory and periodically write it down for excess quantities or obsolescence to its estimated net realizable value. This assessment is based on estimated future consumption compared to inventory quantities on-hand. The estimate for future consumption is based on how assumptions of historical consumption, recency of purchases, backlog, and other factors indicate future consumption. Once the value of inventory is adjusted, the original cost of our inventory, less the write-down, represents its new cost basis. During 2022, 2021, and 2020, we wrote down inventory determined to be excessive or obsolete by \$5.0 million, \$1.9 million, and \$4.6 million, respectively. We believe the accounting estimate related to excess and obsolete inventory is a critical accounting estimate because it requires us to make assumptions about future inventory consumption and recoverability of cost, which can be uncertain. Changes in these estimates can have a material impact on our financial statements.

### Results of Operations

The following table sets forth our results of operations for the periods presented. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Year Ended	
	December 30, 2022	December 31, 2021
	<i>(in thousands)</i>	
Net sales	\$ 1,280,069	\$ 1,096,917
Cost of sales	1,068,205	919,437
Gross profit	211,864	177,480
Operating expenses:		
Research and development	19,564	15,691
Selling, general, and administrative	88,572	65,857
Amortization of intangible assets	17,905	14,918
Total operating expenses	126,041	96,466
Operating income	85,823	81,014
Interest expense, net	11,056	6,451
Other expense (income), net	(563)	807
Income before income taxes	75,330	73,756
Income tax expense	2,526	2,857
Net income	\$ 72,804	\$ 70,899

The following table sets forth our results of operations as a percentage of our total sales for the periods presented.

	Year Ended	
	December 30, 2022	December 31, 2021
Net sales	100.0	100.0
Cost of sales	83.4	83.8
Gross profit	16.6	16.2
Operating expenses:		
Research and development	1.5	1.4
Selling, general, and administrative	6.9	6.0
Amortization of intangible assets	1.4	1.4
Total operating expenses	9.8	8.8
Operating income	6.7	7.4
Interest expense, net	0.9	0.6
Other expense (income), net	0.0	0.1
Income before income taxes	5.9	6.7
Income tax expense	0.2	0.3
Net income	5.7	6.5

### Comparison of 2022 and 2021

#### Net Sales

	Year Ended		Change	
	December 30, 2022	December 31, 2021	Amount	%
Net sales	\$ 1,280,069	\$ 1,096,917	\$ 183,152	16.7%

*(dollars in thousands)*

The increase in net sales from 2021 to 2022 was primarily due to strong demand from our customers as a result of continued growth in the global wafer fabrication equipment market throughout much of 2022, as well as incremental sales from our acquisition of IMG in November 2021.

Net sales to U.S. customers increased by \$38.0 million in 2022 to \$572.1 million. On a relative basis, net sales to U.S. customers as a percent of total net sales decreased from 49.6% in 2021 to 44.7% in 2022.

Net sales to international customers increased by \$155.1 million in 2022 to \$707.9 million. On a relative basis, net sales to international customers as a percent of total net sales increased from 50.4% in 2021 to 55.3% in 2022.

#### Cost of Sales and Gross Profit

	Year Ended		Change	
	December 30, 2022	December 31, 2021	Amount	%
Cost of sales	\$ 1,068,205	\$ 919,437	\$ 148,768	16.2%
Gross profit	\$ 211,864	\$ 177,480	\$ 34,384	19.4%
Gross margin	16.6%	16.2%		+ 40 bps

*(dollars in thousands)*

The increase in the gross amounts of cost of sales and gross profit from 2021 to 2022 was primarily due to the factors mentioned in the commentary above under the above heading, *Net Sales*.

The 40 basis point increase in gross margin from 2021 to 2022 was primarily due to increased factory utilization and operating leverage, as well as accretive margins from our acquisition of IMG in November 2021, partially offset by increased materials, logistics, and labor costs observed throughout 2022. These cost increases were primarily due to investments in our capacity to service customer demand, inflationary macroeconomic conditions that put pressure on the cost of labor, materials and factory costs, and the impacts of certain supply chain challenges on logistics costs and factory efficiency.

#### Research and Development

	Year Ended		Change	
	December 30, 2022	December 31, 2021	Amount	%
Research and development	\$ 19,564	\$ 15,691	\$ 3,873	24.7%

*(dollars in thousands)*

The increase in research and development expenses from 2021 to 2022 was primarily due to increased employee-related expense of \$2.6 million, inclusive of increased share-based compensation expense of \$0.3 million, as we expand our engineering team to design and engineer next generation, high performance solutions for our customers, as well as increased program costs, including consulting, travel, materials, and fixtures costs, related to the development of our new products.

#### Selling, General, and Administrative

	Year Ended		Change	
	December 30, 2022	December 31, 2021	Amount	%
Selling, general, and administrative	\$ 88,572	\$ 65,857	\$ 22,715	34.5%

*(dollars in thousands)*

The increase in selling, general, and administrative expense from 2021 to 2022 was primarily due to (1) incremental costs from our acquisition of IMG in November 2021 of \$11.6 million, primarily consisting of employee-related expenses; (2) increased employee-related expenses (excluding IMG) of \$5.5 million, which includes \$1.4 million in increased share-based compensation expense; (3) loss accruals recorded in the first and third quarters of 2022 relating to expected settlements of employment-related legal matters totaling \$4.1 million; (4) increased consulting and professional fees of \$2.1 million; (5) increased depreciation expense and amortization of capitalized cloud-computing implementation costs of \$1.1 million; (6) increased IT, software, and related services costs of \$0.7 million; (7) increased travel costs of \$0.6 million; and (8) increased occupancy-related costs of \$0.5 million; partially offset by (9) reduced transaction costs associated with our acquisition of IMG of \$4.1 million.

#### Amortization of Intangible Assets

	Year Ended		Change	
	December 30, 2022	December 31, 2021	Amount	%
Amortization of intangibles assets	\$ 17,905	\$ 14,918	\$ 2,987	20.0%

*(dollars in thousands)*

The increase in amortization expense from 2021 to 2022 was primarily due to incremental amortization expense from intangible assets acquired in connection with our acquisition of IMG, partially offset by reduced amortization expense from certain intangible assets becoming fully amortized in the fourth quarter of 2021 and the first quarter of 2022.

*Interest Expense, Net*

	Year Ended		Change	
	December 30, 2022	December 31, 2021	Amount	%
	<i>(dollars in thousands)</i>			
Interest expense, net	\$ 11,056	\$ 6,451	\$ 4,605	71.4%
Weighted average borrowings outstanding	\$ 303,036	\$ 187,028	\$ 116,008	62.0%
Weighted average borrowing rate	3.37%	2.74%		+ 63 bps

The increase in interest expense, net from 2021 to 2022 was due to a \$116.0 million increase in our average amount borrowed during the year and a 63 basis point increase in our weighted average borrowing rate.

Our average amount borrowed was primarily the result of drawing \$130.0 million on our revolving credit facility in November 2021 to partially fund our acquisition of IMG. The year-over-year increase in our weighted average borrowing rate was primarily due to higher overall prevailing short-term borrowing rates in the second half of 2022 compared to 2021, partially offset by a lower overall applicable margin following the amendment and restatement of our credit agreement in October 2021.

*Other Expense (Income), Net*

	Year Ended		Change	
	December 30, 2022	December 31, 2021	Amount	%
	<i>(dollars in thousands)</i>			
Other expense (income), net	\$ (563)	\$ 807	\$ (1,370)	n/m

The change in other expense (income), net from 2021 to 2022 was primarily due to currency exchange rate fluctuations during the year, reflecting an overall strengthening U.S. dollar against local currency payables of our foreign operations.

*Income Tax Expense*

	Year Ended		Change	
	December 30, 2022	December 31, 2021	Amount	%
	<i>(dollars in thousands)</i>			
Income tax expense	\$ 2,526	\$ 2,857	\$ (331)	-11.6%
Income before income taxes	\$ 75,330	\$ 73,756	\$ 1,574	2.1%
Effective income tax rate	3.4%	3.9%		- 50 bps

The decrease in income tax expense from 2021 to 2022 was primarily due to decreased taxable income in the U.S., partially offset by reduced benefits from share-based compensation activity. The reduction in benefits from share-based compensation activity was primarily due to RSU awards vesting in 2022 at lower fair values relative to their grant-date fair values compared to 2021, in which RSU awards vested at higher fair values relative to their grant-date fair values.

## Non-GAAP Financial Results

Management uses these non-GAAP metrics to evaluate our operating and financial results. We believe the presentation of non-GAAP results is useful to investors for analyzing business trends and comparing performance to prior periods, along with enhancing investors' ability to view our results from management's perspective. Non-GAAP gross profit, operating income, and net income are defined as: gross profit, operating income, or net income, respectively, excluding (1) amortization of intangible assets, share-based compensation expense, and discrete or infrequent charges and gains that are outside of normal business operations, including acquisition-related costs, contract and legal settlement gains and losses, facility shutdown costs, and severance costs associated with reduction-in-force programs, to the extent they are present in gross profit, operating income, and net income; and (2) the tax impacts associated with these non-GAAP adjustments, as well as non-recurring discrete tax items. Non-GAAP diluted EPS is defined as non-GAAP net income divided by weighted average diluted ordinary shares outstanding during the period. Non-GAAP gross margin and non-GAAP operating margin are defined as non-GAAP gross profit and non-GAAP operating income, respectively, divided by net sales.

Non-GAAP results have limitations as an analytical tool, and you should not consider them in isolation or as a substitute for our results reported under GAAP. Other companies may calculate non-GAAP results differently or may use other measures to evaluate their performance, both of which could reduce the usefulness of our non-GAAP results as a tool for comparison.

Because of these limitations, you should consider non-GAAP results alongside other financial performance measures and results presented in accordance with GAAP. In addition, in evaluating non-GAAP results, you should be aware that in the future we will incur expenses such as those that are the subject of adjustments in deriving non-GAAP results and you should not infer from our presentation of non-GAAP results that our future results will not be affected by these expenses or other discrete or infrequent charges and gains that are outside of normal business operations.

The following table presents our unaudited non-GAAP gross profit and non-GAAP gross margin and a reconciliation from gross profit, the most comparable GAAP measure, for the periods indicated:

	Year Ended	
	December 30, 2022	December 31, 2021
	<i>(dollars in thousands)</i>	
U.S. GAAP gross profit	\$ 211,864	\$ 177,480
Non-GAAP adjustments:		
Share-based compensation	2,056	1,384
Facility shutdown costs (1)	—	2,611
Fair value adjustment to inventory from acquisitions (2)	2,492	1,652
Other (3)	933	106
Non-GAAP gross profit	<u>\$ 217,345</u>	<u>\$ 183,233</u>
U.S. GAAP gross margin	16.6%	16.2%
Non-GAAP gross margin	17.0%	16.7%

- (1) During the second quarter of 2020, we announced the closure of our manufacturing facility in Union City, California, which we completed in 2021. Included in this amount are costs and charges directly related to the facility closure.
- (2) As part of the purchase price allocations of our acquisitions of IMG in November 2021 and a precision machining operation in Mexico in December 2020, we recorded acquired-inventories at fair value, resulting in a fair value step-up. These amounts represent the release of the step-up to cost of sales as acquired-inventories were sold.
- (3) Included in this amount for 2022 are severance costs associated with our global reduction-in-force program that began near the end of 2022.

The following table presents our unaudited non-GAAP operating income and non-GAAP operating margin and a reconciliation from operating income, the most comparable GAAP measure, for the periods indicated:

	Year Ended	
	December 30, 2022	December 31, 2021
	<i>(dollars in thousands)</i>	
U.S. GAAP operating income	\$ 85,823	\$ 81,014
Non-GAAP adjustments:		
Amortization of intangible assets	17,905	14,918
Share-based compensation	13,924	11,473
Facility shutdown costs (1)	—	2,996
Settlement loss (2)	4,146	—
Fair value adjustment to inventory from acquisitions (3)	2,492	1,652
Acquisition costs (4)	296	4,386
Other (5)	1,144	498
Non-GAAP operating income	<u>\$ 125,730</u>	<u>\$ 116,937</u>
U.S. GAAP operating margin	6.7%	7.4%
Non-GAAP operating margin	9.8%	10.7%

- (1) During the second quarter of 2020, we announced the closure of our manufacturing facility in Union City, California, which we completed in 2021. Included in this amount are costs and charges directly related to the facility closure.
- (2) During the first and third quarters of 2022, we recorded loss accruals of \$3.1 million and \$1.0 million, respectively, relating to expected settlements of employment-related legal matters. We expect the settlements to be finalized and paid within 12 months.
- (3) As part of the purchase price allocations of our acquisitions of IMG in November 2021 and a precision machining operation in Mexico in December 2020, we recorded acquired-inventories at fair value, resulting in a fair value step-up. These amounts represent the release of the step-up to cost of sales as acquired-inventories were sold.
- (4) Included in this amount are transaction-related costs incurred in connection with our acquisition of IMG in November 2021.
- (5) Included in this amount for 2022 are severance costs associated with our global reduction-in-force program that began near the end of 2022. Included in this amount for 2021 are primarily non-capitalized costs incurred in connection with our implementation of a new ERP system and our implementation of a Sarbanes-Oxley compliance program.

The following table presents our unaudited non-GAAP net income and non-GAAP diluted EPS and a reconciliation from net income, the most comparable GAAP measure, for the periods indicated:

	Year Ended	
	December 30, 2022	December 31, 2021
	<i>(dollars in thousands, except per share amounts)</i>	
U.S. GAAP net income	\$ 72,804	\$ 70,899
Non-GAAP adjustments:		
Amortization of intangible assets	17,905	14,918
Share-based compensation	13,924	11,473
Facility shutdown costs (1)	—	2,996
Settlement loss (2)	4,146	—
Fair value adjustment to inventory from acquisitions (3)	2,492	1,652
Acquisition costs (4)	296	4,386
Other (5)	1,144	498
Loss on extinguishment of debt (6)	—	737
Tax adjustments related to non-GAAP adjustments (7)	(7,848)	(9,861)
Non-GAAP net income	<u>\$ 104,863</u>	<u>\$ 97,698</u>
U.S. GAAP diluted EPS	\$ 2.51	\$ 2.45
Non-GAAP diluted EPS	\$ 3.62	\$ 3.37
Shares used to compute diluted EPS	28,963,031	28,979,352

- (1) During the second quarter of 2020, we announced the closure of our manufacturing facility in Union City, California, which we completed in 2021. Included in this amount are costs and charges directly related to the facility closure.
- (2) During the first and third quarters of 2022, we recorded loss accruals of \$3.1 million and \$1.0 million, respectively, relating to expected settlements of employment-related legal matters. We expect the settlements to be finalized and paid within 12 months.
- (3) As part of the purchase price allocations of our acquisitions of IMG in November 2021 and a precision machining operation in Mexico in December 2020, we recorded acquired-inventories at fair value, resulting in a fair value step-up. These amounts represent the release of the step-up to cost of sales as acquired-inventories were sold.
- (4) Included in this amount are transaction-related costs incurred in connection with our acquisition of IMG in November 2021.
- (5) Included in this amount for 2022 are severance costs associated with our global reduction-in-force program that began near the end of 2022. Included in this amount for 2021 are primarily non-capitalized costs incurred in connection with our implementation of a new ERP system and our implementation of a Sarbanes-Oxley compliance program.
- (6) In October 2021, we entered into an amended and restated credit agreement. Pursuant to ASC 470, a portion of the refinance was treated as an extinguishment, resulting in a \$0.7 million write-off of existing capitalized deferred issuance costs.
- (7) Adjusts U.S. GAAP income tax expense for impact of our non-GAAP adjustments.

## **Liquidity and Capital Resources**

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The following section discusses our liquidity and capital resources, including our primary sources of liquidity and our material cash requirements. Our cash and cash equivalents are maintained in highly liquid and accessible accounts with no significant restrictions.

### *Material Cash Requirements*

Our primary liquidity requirements arise from: (i) working capital requirements, including procurement of raw materials inventory for use in our factories and employee-related costs, (ii) business acquisitions, (iii) interest and principal payments under our credit facilities, (iv) research and development investments and capital expenditures, and (v) payment of income taxes. We have no significant long-term purchase commitments related to procuring raw materials inventory. Our ability to fund these requirements will depend, in part, on our future cash flows, which are determined by our future operating performance and are therefore subject to prevailing global macroeconomic conditions and financial, business, and other factors, some of which are beyond our control.

We believe that our cash and cash equivalents, the amounts available under our credit facilities, and our operating cash flow will be sufficient to fund our business and our current obligations for at least the next 12 months and beyond.

### *Sources and Conditions of Liquidity*

Our ongoing sources of liquidity to fund our material cash requirements are primarily derived from: (i) sales to our customers and the related changes in our net operating assets and liabilities and (ii) proceeds from our credit facilities and equity offerings, when applicable.



### Summary of Cash Flows

We ended 2022 with cash and cash equivalents of \$86.5 million, an increase of \$11.0 million from 2021, which was primarily due to cash provided by operating activities of \$31.5 million and net proceeds from our credit facilities of \$7.5 million, partially offset by capital expenditures of \$29.4 million.

The following table sets forth a summary of operating, investing, and financing activities for the periods presented:

	December 30, 2022	Year Ended December 31, 2021	December 25, 2020
		<i>(in thousands)</i>	
Cash provided by operating activities	\$ 31,453	\$ 15,272	\$ 38,259
Cash used in investing activities	(28,933)	(289,585)	(14,597)
Cash provided by financing activities	8,455	96,909	168,625
Net increase (decrease) in cash	<u>\$ 10,975</u>	<u>\$ (177,404)</u>	<u>\$ 192,287</u>

Our cash provided by operating activities of \$31.5 million during the year ended December 30, 2022 consisted of net income of \$72.8 million and net non-cash charges of \$46.3 million, which consisted primarily of depreciation and amortization of \$35.1 million and share-based compensation expense of \$13.9 million, partially offset by an increase in our net operating assets and liabilities of \$87.6 million. The increase in our net operating assets and liabilities was primarily due to a decrease in accounts payable of \$50.2 million and an increase in inventories of \$47.5 million, partially offset by a decrease in accounts receivable of \$6.7 million.

Cash used in investing activities during 2022 primarily consisted of capital expenditures of \$29.4 million.

Cash provided by financing activities during 2022 consisted of net proceeds from our credit facilities of \$7.5 million and net proceeds from share-based compensation activity of \$1.0 million.

### Recent Accounting Pronouncements

From time to time, the Financial Accounting Standards Board (“FASB”) or other standards setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification are communicated through issuance of an Accounting Standards Update (“ASU”). Unless otherwise discussed, we believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on our Consolidated Financial Statements upon adoption.

To understand the impact of recently issued guidance, whether adopted or to be adopted, please review the information provided in *Note 1 – Organization and Summary of Significant Accounting Policies* of our consolidated financial statements in Part IV, Item 15 of this report.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to financial market risks, including changes in currency exchange rates and interest rates.

#### Foreign Currency Exchange Risk

Substantially all of our sales arrangement with customers, and the significant majority of our arrangements with third-party suppliers, provide for pricing and payment in U.S. dollars and, therefore, are not subject to material exchange rate fluctuations. As a result, we do not expect foreign currency exchange rate fluctuations to have a material effect on our results of operations. However, increases in the value of the U.S. dollar relative to other currencies would make our products more expensive relative to competing products priced in such other currencies, which could negatively impact our ability to compete. Conversely, decreases in the value of the U.S. dollar relative to other currencies could result in our foreign suppliers raising their prices in order to continue doing business with us.

We have certain operating expenses that are denominated in currencies of the countries in which our operations are located, and may be subject to fluctuations due to foreign currency exchange rates, particularly the Singapore dollar, Malaysian ringgit, British pound, euro, Korean won, and Mexican peso. Fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we have not engaged in any foreign currency hedging transactions.

## **Interest Rate Risk**

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We had total indebtedness of \$302.5 million as of December 30, 2022, exclusive of \$1.8 million in debt issuance costs, of which \$7.5 million was payable within the next 12 months. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. We have not been, nor do we anticipate being exposed to, material risks due to changes in interest rates. As of December 30, 2022, the interest rate on our outstanding debt was based on the Bloomberg Short-Term Bank Yield Index, plus an applicable rate depending on our leverage ratio. A hypothetical 100 basis point change in the interest rate on our outstanding debt would have resulted in a \$3.0 million change to interest expense on an annualized basis.

## **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The financial statements and supplementary financial information required to be filed under this Item 8 are presented beginning on page F-1 in Part IV, Item 15 of this annual report on Form 10-K and are incorporated herein by reference.

## **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**

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We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (the certifying officers), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act, as amended (“the Exchange Act”)) as of December 30, 2022. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on this evaluation, our certifying officers concluded that, because of the material weakness in internal control over financial reporting as described below, our disclosure controls and procedures were not effective as of December 30, 2022.

### **Management’s Report on Internal Control Over Financial Reporting**

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Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). With the participation of our certifying officers, our management, under the oversight of our Board of Directors, evaluated the effectiveness of our internal control over financial reporting as of December 30, 2022, using the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in *Internal Control – Integrated Framework (2013)*.

Based on that evaluation, management concluded that our internal control over financial reporting was not effective as of December 30, 2022 due to the material weakness in internal control over financial reporting, described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The identified material weakness related to ineffective information technology general controls (“ITGCs”) in the areas of user access and program change management over an information technology system (“IT System”) that supports our financial reporting process. We did not have resources within the organization with sufficient levels of information technology knowledge and did not perform risk assessment surrounding the IT System to adequately understand how areas of user access and program change management function within the IT System in order to design and operate ITGCs sufficient to mitigate the identified risks. Our automated and manual business process controls that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted.

The material weakness did not result in any identified misstatements to the financial statements, and there were no changes to previously released financial results.

Our independent registered public accounting firm, KPMG LLP, who audited the consolidated financial statements included in this Annual Report on Form 10-K, issued an adverse opinion on the effectiveness of our internal control over financial reporting. KPMG LLP’s report appears on page F-3 of this Annual Report on Form 10-K.

## **Remediation**

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Management is taking steps to remediate the ITGC deficiency and will continue to take measures designed to ensure that control deficiencies contributing to the material weakness are remediated, such that these controls are designed, implemented, and operating effectively. The remediation actions include enhancing the existing IT compliance function with resources that have the experience and skillset to understand relevant risks to the IT system in order to develop processes and controls to respond to these risks.

### **Remediation Efforts Towards Prior Year Material Weaknesses**

As discussed in our Annual Report on Form 10-K filed for the year ended December 31, 2021, management had identified material weaknesses related to ineffective ITGCs in the areas of user access and program change management over certain IT Systems that support our financial reporting processes.

During 2022, we made progress towards remediation of the material weaknesses identified in the prior year. Specifically, management designed and documented ITGC processes and procedures over user access and change management controls and maintained evidence over the operation of these controls. While we have made progress on remediation plans, we require additional time to complete the design and implementation of our remediation plans and to demonstrate the effectiveness of our remediation efforts regarding user access and program change management.

The weakness will not be considered remediated until the applicable controls operate for a sufficient period-of-time and management has concluded, through testing, that the control objective is achieved and are operating effectively. We expect that the remediation of this material weakness will be completed prior to the end of fiscal 2023.

### **Changes in Internal Control Over Financial Reporting**

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Other than the material weakness identified during the quarter, there have been no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the fourth quarter of December 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Inherent Limitations on Effectiveness of Controls and Procedures**

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A company's internal control over financial reporting is a process designed by, or under the supervision of, a company's principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, 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 policies or procedures may deteriorate. If we cannot provide reliable financial information, our business, operating results, and share price could be negatively impacted.

## **ITEM 9B. OTHER INFORMATION**

None.

## **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to our Proxy Statement for our 2023 General Meeting to be filed with the SEC within 120 days after the close of the year ended December 30, 2022.

#### *Code of Conduct*

We have adopted a code of business ethics and conduct (the “Code of Conduct”) that applies to all employees, officers, and directors, including the principal executive officer, principal financial officer, and principal accounting officer. The Code of Conduct is available on our investor relations website at [ir.ichorsystems.com](http://ir.ichorsystems.com). We intend to post all disclosures that are required by law or NASDAQ listing rules regarding any amendment to, or a waiver of, any provision of the Code of Conduct for the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

### ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our Proxy Statement for our 2023 General Meeting to be filed with the SEC within 120 days after the close of the year ended December 30, 2022.

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

The information required by this item is incorporated by reference to our Proxy Statement for our 2023 General Meeting to be filed with the SEC within 120 days after the close of the year ended December 30, 2022.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to our Proxy Statement for our 2023 General Meeting to be filed with the SEC within 120 days after the close of the year ended December 30, 2022.

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to our Proxy Statement for our 2023 General Meeting to be filed with the SEC within 120 days after the close of the year ended December 30, 2022.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

(1) **Financial Statements.**

The following Consolidated Financial Statements are filed as part of this report under *Item 8 – Financial Statements and Supplementary Data*.

<a href="#">Reports of Independent Registered Public Accounting Firm</a> (KPMG LLP, Portland, Oregon, PCAOB ID: 185)	F-1
<a href="#">Consolidated Balance Sheets</a>	F-4
<a href="#">Consolidated Statements of Operations</a>	F-5
<a href="#">Consolidated Statements of Shareholders’ Equity</a>	F-7
<a href="#">Consolidated Statements of Cash Flows</a>	F-8
<a href="#">Notes to Consolidated Financial Statements</a>	F-9

(2) **Exhibits.** Exhibits are listed on the Exhibit Index at the end of this report.

### ITEM 16. FORM 10-K SUMMARY

Not applicable.

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Ichor Holdings, Ltd.:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Ichor Holdings, Ltd. and subsidiaries (the Company) as of December 30, 2022 and December 31, 2021, the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 30, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 30, 2022 and December 31, 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 30, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 30, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 24, 2023 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits 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. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matter*

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: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter 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.

#### *Evaluation of excess and obsolete inventory*

As discussed in Notes 1 and 3 to the consolidated financial statements, the Company reported inventories of \$283.7 million as of December 30, 2022, including an adjustment for excess and obsolete inventory of \$17.5 million. The Company states its inventories at the lower of cost or net realizable value. The Company records an adjustment to the cost basis of inventory when evidence exists that the net realizable value of inventory is lower than its cost, which occurs when the Company has excess and/or obsolete inventory. The Company's model to estimate excess and/or obsolete inventory is based on an analysis of existing inventory quantities on-hand compared to estimated future consumption. Future consumption is estimated based upon assumptions about how historical consumption, recent purchases, backlog and other factors indicate future consumption.

We identified the evaluation of excess and obsolete inventory as a critical audit matter. There was subjective auditor judgement in evaluating whether historical consumption and recent purchases reasonably indicate future consumption used by the Company in their determination that inventory is recorded at the lower of its cost or net realizable value.

The following are the primary procedures we performed to address the critical audit matter. We evaluated whether historical consumption and recent purchases reasonably indicate future consumption by (1) examining historical write-down trends; (2) inspecting publicly available industry and market information to assess relevant changes to the overall business environment; and (3) selected a sample of inventory items and for each selection we evaluated whether the historical data accurately supported the Company's estimate of future consumption.

/s/ KPMG LLP

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

Portland, Oregon  
February 24, 2023

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Ichor Holdings, Ltd.:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Ichor Holdings, Ltd. and subsidiaries' (the Company) internal control over financial reporting as of December 30, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 30, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 30, 2022 and December 31, 2021, the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 30, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated February 24, 2023 expressed an unqualified opinion on those consolidated financial statements.

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 the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to ineffective information technology general controls (ITGCs) in the areas of user access and program change-management over a certain information technology (IT) system that supports the Company's financial reporting processes has been identified and included in management's assessment. The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2022 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. 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 audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

/s/ KPMG LLP

Portland, Oregon  
February 24, 2023

**ICHOR HOLDINGS, LTD.**  
**Consolidated Balance Sheets**  
*(dollars in thousands, except per share data)*

	December 30, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 86,470	\$ 75,495
Accounts receivable, net	136,321	142,990
Inventories	283,660	236,133
Prepaid expenses and other current assets	7,007	8,153
Total current assets	<u>513,458</u>	<u>462,771</u>
Property and equipment, net	98,055	85,204
Operating lease right-of-use assets	40,557	29,790
Other noncurrent assets	12,926	9,166
Deferred tax assets, net	11,322	8,116
Intangible assets, net	72,022	89,927
Goodwill	335,402	335,902
Total assets	<u>\$ 1,083,742</u>	<u>\$ 1,020,876</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 110,165	\$ 159,727
Accrued liabilities	23,616	19,066
Other current liabilities	15,815	14,377
Current portion of long-term debt	7,500	7,500
Current portion of lease liabilities	9,196	7,633
Total current liabilities	<u>166,292</u>	<u>208,303</u>
Long-term debt, less current portion, net	293,218	285,253
Lease liabilities, less current portion	31,828	22,354
Deferred tax liabilities, net	29	38
Other non-current liabilities	4,879	4,213
Total liabilities	<u>496,246</u>	<u>520,161</u>
Shareholders' equity:		
Preferred shares (\$0.0001 par value; 20,000,000 shares authorized; zero shares issued and outstanding)	—	—
Ordinary shares (\$0.0001 par value; 200,000,000 shares authorized; 28,861,949 and 28,551,160 shares outstanding, respectively; 33,299,388 32,988,599 shares issued, respectively)	3	3
Additional paid in capital	431,415	417,438
Treasury shares at cost (4,437,439 shares)	(91,578)	(91,578)
Retained earnings	247,656	174,852
Total shareholders' equity	<u>587,496</u>	<u>500,715</u>
Total liabilities and shareholders' equity	<u>\$ 1,083,742</u>	<u>\$ 1,020,876</u>

See accompanying notes to consolidated financial statements.



**ICHOR HOLDINGS, LTD.**  
**Consolidated Statements of Operations**  
*(dollars in thousands, except per share data)*

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
Net sales	\$ 1,280,069	\$ 1,096,917	\$ 914,236
Cost of sales	1,068,205	919,437	789,344
Gross profit	211,864	177,480	124,892
Operating expenses:			
Research and development	19,564	15,691	13,361
Selling, general, and administrative	88,572	65,857	56,614
Amortization of intangible assets	17,905	14,918	13,365
Total operating expenses	126,041	96,466	83,340
Operating income	85,823	81,014	41,552
Interest expense, net	11,056	6,451	8,727
Other expense (income), net	(563)	807	534
Income before income taxes	75,330	73,756	32,291
Income tax expense (benefit)	2,526	2,857	(988)
Net income	\$ 72,804	\$ 70,899	\$ 33,279
Net income per share:			
Basic	\$ 2.54	\$ 2.51	\$ 1.44
Diluted	\$ 2.51	\$ 2.45	\$ 1.42
Shares used to compute net income per share:			
Basic	28,714,550	28,259,607	23,172,961
Diluted	28,963,031	28,979,352	23,460,105

See accompanying notes to consolidated financial statements.

**ICHOR HOLDINGS, LTD.**  
**Consolidated Statements of Shareholders' Equity**  
*(dollars in thousands)*

	Ordinary Shares		Additional Paid-In Capital	Treasury Shares		Retained Earnings	Total Shareholders' Equity
	Shares	Amount		Shares	Amount		
Balance at December 27, 2019	22,618,708	\$ 2	\$ 242,318	4,437,439	\$ (91,578)	\$ 70,674	\$ 221,416
Ordinary shares issued, net of transaction costs	4,600,000	1	139,371	—	—	—	139,372
Ordinary shares issued from exercise of stock options	514,481	—	8,849	—	—	—	8,849
Ordinary shares issued from vesting of restricted share units	140,700	—	(1,829)	—	—	—	(1,829)
Ordinary shares issued from employee share purchase plan	33,188	—	727	—	—	—	727
Share-based compensation expense	—	—	9,875	—	—	—	9,875
Net income	—	—	—	—	—	33,279	33,279
Balance at December 25, 2020	27,907,077	3	399,311	4,437,439	(91,578)	103,953	411,689
Ordinary shares issued from exercise of stock options	410,558	—	8,288	—	—	—	8,288
Ordinary shares issued from vesting of restricted share units	164,613	—	(3,616)	—	—	—	(3,616)
Ordinary shares issued from employee share purchase plan	68,912	—	1,982	—	—	—	1,982
Share-based compensation expense	—	—	11,473	—	—	—	11,473
Net income	—	—	—	—	—	70,899	70,899
Balance at December 31, 2021	28,551,160	3	417,438	4,437,439	(91,578)	174,852	500,715
Ordinary shares issued from exercise of stock options	89,045	—	1,937	—	—	—	1,937
Ordinary shares issued from vesting of restricted share units	179,679	—	(2,813)	—	—	—	(2,813)
Ordinary shares issued from employee share purchase plan	42,065	—	929	—	—	—	929
Share-based compensation expense	—	—	13,924	—	—	—	13,924
Net income	—	—	—	—	—	72,804	72,804
Balance at December 30, 2022	28,861,949	\$ 3	\$ 431,415	4,437,439	\$ (91,578)	\$ 247,656	\$ 587,496

See accompanying notes to consolidated financial statements.

**ICHOR HOLDINGS, LTD.**  
**Consolidated Statements of Cash Flows**  
*(in thousands)*

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
<b>Cash flows from operating activities:</b>			
Net income	\$ 72,804	\$ 70,899	\$ 33,279
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	35,100	25,992	24,246
Share-based compensation	13,924	11,473	9,875
Deferred income taxes	(3,215)	(1,863)	(1,687)
Amortization of debt issuance costs	465	883	968
(Gain) loss on sale of asset disposal group	—	(504)	3,575
Loss on extinguishment of debt	—	737	—
Other	—	484	—
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable, net	6,669	(33,454)	(16,128)
Inventories	(47,527)	(89,249)	(8,527)
Prepaid expenses and other assets	4,508	786	(2,076)
Accounts payable	(50,175)	38,649	(14,509)
Accrued liabilities	3,648	(6,740)	7,722
Other liabilities	(4,748)	(2,821)	1,521
Net cash provided by operating activities	<u>31,453</u>	<u>15,272</u>	<u>38,259</u>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(29,433)	(20,839)	(10,301)
Cash paid for acquisitions, net of cash acquired	500	(268,766)	(5,035)
Purchase of marketable securities	—	(115,197)	—
Proceeds from maturities and sales of marketable securities	—	114,713	—
Proceeds from sale of property and equipment	—	504	739
Net cash used in investing activities	<u>(28,933)</u>	<u>(289,585)</u>	<u>(14,597)</u>
<b>Cash flows from financing activities:</b>			
Issuance of ordinary shares, net of fees	—	—	139,372
Issuance of ordinary shares under share-based compensation plans	3,768	9,664	9,832
Employees' taxes paid upon vesting of restricted share units	(2,813)	(3,616)	(1,829)
Debt issuance and modification costs	—	(1,852)	—
Borrowings on revolving credit facility	25,000	137,591	30,000
Repayments on revolving credit facility	(10,000)	(41,753)	—
Proceeds from term loan	—	94,175	—
Repayments on term loan	(7,500)	(97,300)	(8,750)
Net cash provided by financing activities	<u>8,455</u>	<u>96,909</u>	<u>168,625</u>
Net increase (decrease) in cash	10,975	(177,404)	192,287
Cash at beginning of period	75,495	252,899	60,612
Cash at end of period	<u>\$ 86,470</u>	<u>\$ 75,495</u>	<u>\$ 252,899</u>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the period for interest	\$ 10,590	\$ 7,123	\$ 8,235
Cash paid during the period for taxes, net of refunds	\$ 3,285	\$ 5,642	\$ 250
<b>Supplemental disclosures of non-cash activities:</b>			
Capital expenditures included in accounts payable	\$ 1,543	\$ 930	\$ 369
Right-of-use assets obtained in exchange for new operating lease liabilities, including those acquired through acquisitions	\$ 17,889	\$ 24,643	\$ 642

See accompanying notes to consolidated financial statements.

**ICHOR HOLDINGS, LTD.**

**Notes to Financial Statements**

*(dollar figures in tables in thousands, except per share data)*

**Note 1 – Organization and Summary of Significant Accounting Policies**

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*Organization and Operations of the Company*

Ichor Holdings, Ltd. and Subsidiaries (the “we”, “us”, “our”, “Company”) designs, develops, manufactures, and distributes gas and liquid delivery subsystems and components purchased by capital equipment manufacturers for use in the semiconductor markets. We are headquartered in Fremont, California and have operations in the United States, the United Kingdom, Singapore, Malaysia, Korea, and Mexico.

On December 30, 2011, Ichor Systems Holdings, LLC consummated a sales transaction with Icicle Acquisition Holdings, LLC, a Delaware limited liability company. Shortly after consummation of the sale transaction, Icicle Acquisition Holdings, LLC changed its name to Ichor Holdings, LLC.

In March 2012, Ichor Holdings, LLC completed a reorganization of its legal structure, forming Ichor Holdings, Ltd., a Cayman Islands entity. Ichor Holdings, Ltd. is now the reporting entity and the ultimate parent company of the operating entities.

*Basis of Presentation*

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the U.S. (“GAAP”). All intercompany balances and transactions have been eliminated upon consolidation. All dollar figures presented in tables in the notes to consolidated financial statements are in thousands, except per share amounts.

*Year End*

We use a 52- or 53-week fiscal year ending on the last Friday in December. The years ended December 30, 2022, December 31, 2021, and December 25, 2020 were 52 weeks, 53 weeks, and 52 weeks, respectively. All references to 2022, 2021, and 2020 are references to the fiscal years then ended.

*Use of Estimates*

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods presented. We base our estimates and judgments on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results could differ from the estimates made by management. Significant estimates include inventory valuation, uncertain tax positions, fair value assigned to stock options granted, and impairment analyses for both definite-lived intangible assets and goodwill.

*Cash and Cash Equivalents and Marketable Securities*

Cash and cash equivalents consist of deposits and financial instruments which are readily convertible into cash and have original maturities of 90 days or less at the time of acquisition. Marketable securities consist primarily of highly liquid investments with maturities of greater than 90 days when purchased. We classify our marketable securities as available-for-sale and, accordingly, report them at fair value with the related unrealized gains and losses included in accumulated other comprehensive income (loss). Any unrealized losses which are considered to be other-than-temporary are recorded in other income (expense), net. Realized gains and losses on the sale of marketable securities are determined using the specific-identification method and recorded in other income (expense), net.

Available-for-sale investments are subject to a periodic impairment review. If an available-for-sale debt security’s fair value is less than its amortized cost basis, then we evaluate whether the decline is the result of a credit loss, in which case an impairment is recorded through an allowance for credit losses. Unrealized gains and losses not attributable to credit losses are included, net of tax, in accumulated other comprehensive income (loss). We have not recorded an allowance for credit losses in 2022 or 2021.

### *Revenue Recognition*

We recognize revenue when control of promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. This amount is recorded as net sales in our consolidated statements of operations.

*Transaction price* – In most of our contracts, prices are generally determined by a customer-issued purchase order and generally remain fixed over the duration of the contract. Certain contracts contain variable consideration, including early-payment discounts and rebates. When a contract includes variable consideration, we evaluate the estimate of the variable consideration to determine whether the estimate needs to be constrained; therefore, we include the variable consideration in the transaction price only to the extent that it is probable that a significant reversal will not occur. Variable consideration estimates are updated at each reporting date. Historically, we have not incurred significant costs to obtain a contract. All amounts billed to a customer relating to shipping and handling are classified as net sales, while all costs incurred by us for shipping and handling are classified as cost of sales.

*Performance obligations* – Substantially all of our performance obligations pertain to promised goods (“products”), which are primarily comprised of fluid delivery subsystems, weldments, and other components. Most of our contracts contain a single performance obligation and are generally completed within twelve months. Product sales are recognized at a point-in-time, generally upon delivery, as such term is defined within the contract, as that is when control of the promised good has transferred. Products are covered by a standard assurance warranty, generally extended for a period of one to two years depending on the customer, which promises that delivered products conform to contract specifications. As such, we account for such warranties under ASC 460, *Guarantees*, and not as a separate performance obligation.

*Contract balances* – Accounts receivable represents our unconditional right to receive consideration from our customers. Accounts receivable are carried at invoice price less an estimate for doubtful accounts and estimated payment discounts. Payment terms vary by customer but are generally due within 15–60 days. *Historically, we have not incurred significant payment issues with our customers. We had no significant contract assets or liabilities on our consolidated balance sheets in any of the periods presented.*

### *Commitments and Contingencies*

We are periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. The ultimate resolution of these actions is not expected to have a material adverse effect on our financial position or results of operations.

### *Concentrations*

Financial instruments that subject us to credit risk consist of accounts receivable, accounts payable, and long-term debt. At December 30, 2022 and December 31, 2021, three and two customers represented, in the aggregate, approximately 70% and 60%, respectively, of the balance of accounts receivable.

We establish an allowance for doubtful accounts based upon the credit risk of specific customers, historical trends, and other information. We require collateral, typically cash, in the normal course of business if customers do not meet the criteria established for offering credit. If the financial condition of our customers were to deteriorate and result in an impaired ability to make payments, additions to the allowance may be required. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded to income when received. Activity and balances related to our allowance for doubtful accounts was not significant during any period presented.

We use qualified manufacturers to supply many components and subassemblies of our products. We obtain the majority of our components from a limited group of suppliers. A majority of the purchased components used in our products are customer specified. An interruption in the supply of a particular component would have a temporary adverse impact on our operating results.

We maintain cash balances at both United States-based and foreign-based commercial banks. Cash balances in the United States exceed amounts that are insured by the Federal Deposit Insurance Corporation (FDIC). The majority of the cash maintained in foreign-based commercial banks is insured by the government where the foreign banking institutions are based. Cash held in foreign-based commercial banks totaled \$48.4 million and \$41.5 million at December 30, 2022 and December 31, 2021, respectively, and at times exceeds insured amounts. No losses have been incurred as of December 30, 2022 or December 31, 2021 for amounts exceeding the insured limits.

### *Fair Value Measurements*

We estimate the fair value of financial assets and liabilities based upon comparison of such assets and liabilities to the current market values for instruments of a similar nature and degree of risk. We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. We determine fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date

There were no changes to our valuation techniques during 2022. We estimate the recorded value of our financial assets and liabilities approximates fair value as of December 30, 2022 and December 31, 2021.

We estimate the value of acquired intangible assets, on a nonrecurring basis, based on an income approach utilizing discounted cash flows. Under this approach, we estimate the future cash flows from our asset groups and discount the income stream to its present value to arrive at fair value. Future cash flows are based on recently prepared operating forecasts. Operating forecasts and cash flows include, among other things, revenue growth rates that are calculated based on management's forecasted sales projections. A discount rate is utilized to convert the forecasted cash flows to their present value equivalent. The discount rate applied to the future cash flows includes a subject-company risk premium, an equity market risk premium, a beta, and a risk-free rate. As this approach contains unobservable inputs, the measurement of fair value for intangible assets is classified as Level 3.

### *Inventories*

Inventories are stated at the lower of cost or net realizable value. The majority of our inventories are valued on a standard cost basis, which approximates actual costs on a first-in, first-out basis. The remainder of our inventories are valued on an average cost basis, which approximates actual costs on a first-in, first-out basis. Quarterly, we assess the value of our inventory and periodically write it down for excess quantities or obsolescence to its estimated net realizable value. This assessment is based on estimated future consumption compared to inventory quantities on-hand. The estimate for future consumption is based on how assumptions of historical consumption, recency of purchases, backlog, and other factors indicate future consumption. Once the value of inventory is adjusted, the original cost of our inventory, less the write-down, represents its new cost basis.

### *Property and Equipment*

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<b>Estimated useful lives of property &amp; equipment</b>
Machinery	5-10 years
Leasehold improvements	10 years
Computer software, hardware, and equipment	3-5 years
Office furniture, fixtures, and equipment	5-7 years
Vehicles	5 years

Maintenance and repairs that neither add material value to the asset nor appreciably prolong its useful life are charged to expense as incurred. Gains or losses on the disposal of property and equipment are included in selling, general, and administrative expenses on the consolidated statements of operations.

### Leases

We determine if an arrangement is a lease, or contains a lease, at the inception of the arrangement. If we determine the arrangement is a lease, or contains a lease, at lease inception, we then determine whether the lease is an operating lease or a finance lease. Operating and finance leases result in recording a right-of-use (“ROU”) asset and lease liability on our consolidated balance sheets. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. For purposes of calculating operating lease ROU assets and operating lease liabilities, we use the non-cancellable lease term plus options to extend that we are reasonably certain to take. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Our leases generally do not provide an implicit rate. As such, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. This rate is generally consistent with the interest rate we pay on borrowings under our credit facilities, as this rate approximates our collateralized borrowing capabilities over a similar term of lease payments. We utilize the consolidated group incremental borrowing rate for all leases, as we have centralized treasury operations. We have elected not to recognize ROU assets and lease liabilities that arise from short-term (12 months or less) leases for any class of underlying asset. We have elected not to separate lease and non-lease components for any class of underlying asset.

### Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate, in management’s judgment, that the carrying amount of an asset (or asset group) may not be recoverable. In analyzing potential impairments, projections of future cash flows from the asset group are used to estimate fair value. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset group, a loss is recognized for the difference between the estimated fair value and the carrying value of the asset group. The projections are based on assumptions, judgments, and estimates of revenue growth rates for the related business; anticipated future economic, regulatory, and political conditions; the assignment of discount rates relative to risk; and estimates of terminal values. During 2022, 2021, and 2020, we did not identify any triggering events that would indicate impairment.

### Intangible Assets

We account for intangible assets that have a definite life and are amortized on a basis consistent with their expected cash flows over the following estimated useful lives:

	<u>Estimated useful lives of intangible assets</u>
Trademarks	10 years
Customer relationships	6-10 years
Developed technology	7-10 years

### Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. We review goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. We first make a qualitative assessment of whether it is more likely than not that a reporting unit’s fair value is less than its carrying amount before applying a quantitative goodwill impairment test. Under the quantitative test, the fair value of the reporting unit is compared to its carrying value and an impairment loss is recognized for any excess of carrying amount over the reporting unit’s fair value. Fair value of the reporting unit is determined using a discounted cash flow analysis. For purposes of testing goodwill for impairment, we have concluded that we operate as one reporting unit.

We performed a qualitative goodwill assessment at December 30, 2022 and December 31, 2021. This assessment indicated that it was more likely than not our reporting unit’s fair value exceeded its carrying value.

### Research and Development Costs

Research and development costs are expensed as incurred.

### *Income Taxes*

We recognize deferred income taxes using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for differences between the financial reporting and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense for the current year differs from the statutory rate primarily as a result of the impact of foreign operations and discrete tax benefits recorded in connection with our historical acquisitions and stock option exercises.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others may be subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in our consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. We recognize interest and penalties as a component of income tax expense.

### *Foreign Operations*

The functional currency of our international operations is the U.S. dollar. Transactions denominated in currencies other than the functional currency generate foreign exchange gains and losses that are included in other expense (income), net on our consolidated statements of operations. Substantially all of our sales contracts, and most of our agreements with third-party suppliers, provide for pricing and payment in U.S. dollars. Accordingly, these transactions are not subject to material exchange rate fluctuations.

### *Accounting Pronouncements Recently Issued*

In October 2021, the FASB issued ASU No. 2021-08, *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805)*. This ASU requires an acquirer in a business combination to recognize and measure contract assets and contract liabilities (deferred revenue) from acquired contracts using the revenue recognition guidance in Topic 606. At the acquisition date, the acquirer applies the revenue model as if it had originated the acquired contracts. The ASU is effective for annual periods beginning after December 15, 2022, including interim periods within those fiscal years. Adoption of the ASU should be applied prospectively. Early adoption is also permitted, including adoption in an interim period. If early adopted, the amendments are applied retrospectively to all business combinations for which the acquisition date occurred during the fiscal year of adoption. This ASU is currently not expected to have a material impact on our consolidated financial statements.



## Note 2 – Acquisitions

### IMG Companies, LLC

On November 19, 2021 we completed the acquisition, via merger, of IMG Companies, LLC and its subsidiaries (“IMG”), a California-based precision machining, specialty joining, and plating company for an aggregate purchase price of \$269.5 million. IMG provides us increased capacity and capabilities in our precision machining business and expands our served customer base with new component and service offerings.

The following table presents the purchase price allocation.

Cash acquired	\$	1,234
Accounts receivable		8,559
Inventories		12,128
Prepaid expenses and other current assets		579
Property and equipment		33,067
Operating lease right-of-use assets		14,509
Intangible assets		65,000
Goodwill		160,515
Accounts payable		(3,853)
Accrued expenses		(5,620)
Other current liabilities		(2,109)
Lease liabilities		(14,509)
Total acquisition consideration	\$	<u>269,500</u>

We allocated \$62.4 million to IMG’s customer relationships and \$2.6 million to IMG’s order backlog with weighted average amortization periods of 10 years and 6 months, respectively. Goodwill recognized from the acquisition was primarily attributed to an assembled workforce and expected synergies. In connection with the acquisition, we incurred transaction costs of \$0.2 million and \$4.4 million in 2022 and 2021, respectively. The fair value adjustment to inventory as part of our purchase price allocation resulted in charges to cost of sales of \$2.5 million and \$1.4 million during 2022 and 2021, respectively. Total acquisition consideration reflects a \$0.5 million reduction for a working capital adjustment that was finalized in 2022, prior to the end of the measurement period.

Our consolidated statement of operations for 2021 includes approximately 6 weeks operating activity of IMG, including sales of \$7.3 million.

The following unaudited pro forma consolidated results of operations assume the acquisition was completed on December 26, 2020, the beginning of the earliest period presented. Pro forma adjustments are primarily comprised of preliminary estimates of amortization expense related to acquired intangible assets, incremental interest expense from increased borrowings to fund the acquisition and the elimination of IMG’s historical interest expense, elimination of IMG’s non-recurring management expenses, elimination of a gain on forgiveness of debt, acquired inventory fair value charges, the related income tax effects, and other insignificant management adjustments. The pro forma results of operations are presented for informational purposes only and are not indicative of the results of operations that would have been achieved or of results that may occur in the future.

	Year Ended	
	December 31, 2021	December 25, 2020
Net sales	\$ 1,156,619	\$ 962,642
Net income	\$ 74,531	\$ 26,048
Net income per share:		
Basic	\$ 2.64	\$ 1.12
Diluted	\$ 2.57	\$ 1.11

### Nogales, Mexico Precision Machining Acquisition

On December 1, 2020, we acquired certain operating assets and assumed the operations of a precision machining operation in Nogales, Mexico, which was considered a business combination under ASC 805 – *Business Combinations*, for an aggregate purchase of \$5.0 million. The acquisition adds to our precision machined component manufacturing capacity. In connection with the acquisition, we recorded \$2.0 million in tangible operating assets, a \$1.2 million customer relationship intangible asset, which will be amortized of a period of 6 years, and \$1.9 million in goodwill.

### Note 3 – Inventories

Inventories consist of the following:

	December 30, 2022	December 31, 2021
Raw materials	\$ 197,726	\$ 159,366
Work in process	56,291	62,537
Finished goods	47,186	28,281
Excess and obsolete adjustment	(17,543)	(14,051)
Total inventories	<u>\$ 283,660</u>	<u>\$ 236,133</u>

The following table presents changes to our excess and obsolete adjustment:

	Excess and obsolete adjustment
Balance at December 27, 2019	\$ (7,817)
Charge to cost of sales	(4,649)
Disposition of inventory	(276)
Balance at December 25, 2020	(12,742)
Charge to cost of sales	(1,942)
Disposition of inventory	633
Balance at December 31, 2021	(14,051)
Charge to cost of sales	(4,981)
Disposition of inventory	1,489
Balance at December 30, 2022	<u>\$ (17,543)</u>

### Note 4 – Property and Equipment

Property and equipment consist of the following:

	December 30, 2022	December 31, 2021
Machinery	\$ 90,507	\$ 80,953
Leasehold improvements	43,129	36,706
Computer software, hardware, and equipment	9,664	8,031
Office furniture, fixtures, and equipment	1,337	1,168
Vehicles	401	284
Construction-in-process	19,869	8,565
	<u>164,907</u>	<u>135,707</u>
Less accumulated depreciation	(66,852)	(50,503)
Total property and equipment, net	<u>\$ 98,055</u>	<u>\$ 85,204</u>

Depreciation expense for 2022, 2021, and 2020 was \$17.2 million, \$11.1 million, and \$10.9 million, respectively.

#### *Cloud Computing Implementation Costs*

We capitalize implementation costs associated with hosting arrangement that are service contracts. These costs are recorded to prepaid expenses or other noncurrent assets. To-date, these costs are those incurred to implement a new company-wide ERP system. The balance of capitalized cloud computing implementation costs, net of accumulated amortization, was \$8.1 million and \$11.6 million as of December 30, 2022 and December 31, 2021, respectively, and is included in other assets on our consolidated balance sheets. The related amortization expense was \$0.9 million and \$0.3 million during 2022 and 2021, respectively, and is included in selling, general, and administrative expense on our consolidated statements of operations.

## Note 5 – Intangible Assets and Goodwill

Definite-lived intangible assets consist of the following:

	December 30, 2022				Weighted average useful life
	Gross value	Accumulated amortization	Accumulated impairment charges	Carrying amount	
Customer relationships	\$ 117,022	\$ (51,337)	\$ —	\$ 65,685	8.4 years
Developed technology	11,047	(4,710)	—	6,337	10.0 years
Total intangible assets	<u>\$ 128,069</u>	<u>\$ (56,047)</u>	<u>\$ —</u>	<u>\$ 72,022</u>	

	December 31, 2021				Weighted average useful life
	Gross value	Accumulated amortization	Accumulated impairment charges	Carrying amount	
Customer relationships	\$ 146,569	\$ (65,953)	\$ —	\$ 80,616	8.7 years
Developed technology	11,047	(3,483)	—	7,564	10.0 years
Order backlog	2,600	(853)	—	1,747	6 months
Total intangible assets	<u>\$ 160,216</u>	<u>\$ (70,289)</u>	<u>\$ —</u>	<u>\$ 89,927</u>	

Future projected annual amortization expense consists of the following:

	Future amortization expense
2023	\$ 15,092
2024	8,555
2025	8,342
2026	7,760
2027	7,055
Thereafter	25,218
	<u>\$ 72,022</u>

The following tables present the changes to goodwill:

	Goodwill
Balance at December 27, 2019	\$ 173,010
Acquisitions	1,877
Balance at December 25, 2020	174,887
Acquisitions	161,015
Balance at December 31, 2021	335,902
Acquisitions	(500)
Balance at December 30, 2022	<u>\$ 335,402</u>

**Note 6 – Leases**

We lease facilities under various non-cancellable operating leases expiring through 2031. In addition to base rental payments, we are generally responsible for our proportionate share of operating expenses, including facility maintenance, insurance, and property taxes. As these amounts are variable, they are not included in lease liabilities. As of December 30, 2022, we had no operating leases executed for which the rental period had not yet commenced.

The components of lease expense are as follows:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
Operating lease cost	\$ 8,760	\$ 5,763	\$ 5,397

Supplemental cash flow information related to leases is as follows:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 8,164	\$ 5,477	\$ 5,574

Supplemental balance sheet information related to leases is as follows:

	December 30, 2022	December 31, 2021
Weighted-average remaining lease term of operating leases	5.3 years	5.8 years
Weighted-average discount rate of operating leases	3.0%	2.4%

Future minimum lease payments under non-cancellable leases as of December 30, 2022 are as follows:

2023	\$ 9,196
2024	8,613
2025	7,940
2026	7,471
2027	6,454
Thereafter	4,542
Total future minimum lease payments	44,216
Less imputed interest	(3,192)
Total lease liabilities	<u>\$ 41,024</u>

**Note 7 – Income Taxes**

Income before tax was as follows:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
United States	\$ (353)	\$ 13,435	\$ (2,558)
Foreign	75,683	60,321	34,849
Income before tax	<u>\$ 75,330</u>	<u>\$ 73,756</u>	<u>\$ 32,291</u>

Significant components of income tax expense (benefit) consist of the following:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
Current:			
Federal	\$ 1,605	\$ 430	\$ (1,103)
State	912	1,524	341
Foreign	3,224	2,766	1,461
Total current tax expense	<u>5,741</u>	<u>4,720</u>	<u>699</u>
Deferred:			
Federal	(2,604)	(889)	(1,321)
State	(45)	(771)	(196)
Foreign	(566)	(203)	(170)
Total deferred tax benefit	<u>(3,215)</u>	<u>(1,863)</u>	<u>(1,687)</u>
Income tax expense (benefit)	<u>\$ 2,526</u>	<u>\$ 2,857</u>	<u>\$ (988)</u>

The reconciliation of income tax computed at the U.S. federal statutory tax rates to income tax expense (benefit) consist of the following:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
Effective rate reconciliation:			
U.S. federal tax expense	\$ 15,819	\$ 15,489	\$ 6,781
State income taxes, net	752	577	105
Permanent items	248	680	298
Foreign rate differential	(2,595)	(1,897)	(1,325)
Tax holiday	(11,676)	(9,653)	(5,911)
Credits	(1,882)	(1,647)	(1,411)
Tax contingencies	462	482	80
Share-based compensation	166	(2,640)	(1,002)
Withholding tax	1,170	1,044	819
Other, net	112	385	330
Valuation allowance	(50)	37	248
Income tax expense (benefit)	<u>\$ 2,526</u>	<u>\$ 2,857</u>	<u>\$ (988)</u>

Deferred income tax assets and liabilities consist of the following:

	December 30, 2022	December 31, 2021
Deferred tax assets:		
Inventory	\$ 6,648	\$ 4,643
Share-based compensation	3,027	2,551
Accrued payroll	1,942	2,140
Net operating loss carryforwards	528	816
Tax credits	2,525	5,103
Capitalized research expenses	3,746	—
Intercompany interest	2,341	1,907
Operating lease liabilities	10,247	7,450
Other assets	1,531	755
Deferred tax assets	<u>32,535</u>	<u>25,365</u>
Valuation allowance	(507)	(556)
Total deferred tax assets	<u>32,028</u>	<u>24,809</u>
Deferred tax liabilities:		
Intangible assets	(3,245)	(3,265)
Property, plant and equipment	(7,091)	(5,928)
Operating lease right-of-use assets	(10,122)	(7,409)
Other liabilities	(277)	(129)
Total deferred tax liabilities	<u>(20,735)</u>	<u>(16,731)</u>
Net deferred tax asset	<u>\$ 11,293</u>	<u>\$ 8,078</u>

At December 30, 2022, we had federal, state, and foreign net operating loss carryforwards of zero, \$2.1 million, and \$1.7 million respectively. The state and foreign net operating loss carryforwards, if not utilized, will begin to expire in 2032, and 2029, respectively. At December 30, 2022, we had federal research and development credits of \$0.2 million. The federal research and development credits, if not utilized, will begin to expire in 2042.

We have determined the amount of our valuation allowance based on our estimates of taxable income by jurisdiction in which we operate over the periods in which the related deferred tax assets will be recoverable. As of December 30, 2022, we believe it is more-likely-than-not that we will realize our deferred tax assets, with the exception of certain state and foreign net operating loss carryforwards we believe are not likely to be realized within the carryforward period.

In December 2017, the Tax Cuts and Jobs Act (the "2017 Tax Act") was enacted. The 2017 Tax Act included a number of changes including a provision that required capitalization and amortization of research and development costs beginning in 2022. Prior to 2022 research and development costs could be either expensed or capitalized. Accordingly, we began capitalizing research and development costs in 2022.

We were granted a tax holiday for our Singapore operations that is effective through 2026. The net impact of the tax holiday in Singapore as compared to the Singapore statutory rate was a benefit of \$11.7 million, \$9.7 million, and \$5.9 million during 2022, 2021, and 2020, respectively. Our income tax fluctuates based on the geographic mix of earnings and is calculated quarterly based on actual results pursuant to ASC Topic 740-270.

As of December 30, 2022, we have recognized \$3.6 million of unrecognized tax benefits in other non-current liabilities in our consolidated balance sheet. If recognized, \$1.8 million of this amount would impact our effective tax rate. We expect a decrease of \$0.1 million to the total amount of unrecognized tax benefits within the next twelve months.

Our ongoing practice is to recognize potential accrued interest and penalties related to unrecognized tax benefits within our statements of operations in income tax expense (benefit). At December 30, 2022, other non-current liabilities on our balance sheet included approximately zero and \$0.7 million of interest and penalties, respectively, associated with uncertain tax positions, which are excluded from the unrecognized tax benefits table below.

The following table summarizes the activity related to our unrecognized tax benefits:

	<b>Unrecognized tax benefits</b>
Balance at December 27, 2019	\$ 1,860
Increase related to current year tax positions	378
Increase related to prior year tax positions	484
Decrease in tax positions related to lapse of statute of limitations	(232)
Balance at December 25, 2020	2,490
Increase related to current year tax positions	597
Decrease in tax positions related to lapse of statute of limitations	(92)
Balance at December 31, 2021	2,995
Increase related to current year tax positions	689
Decrease in tax positions related to lapse of statute of limitations	(89)
Balance at December 30, 2022	\$ 3,595

We assert indefinite reinvestment of our U.S. and Netherlands unremitted earnings. With regard to these unremitted earnings, we have not, nor do we anticipate the need to repatriate funds from the U.S. to the Netherlands or from the Netherlands to the Cayman entity to satisfy liquidity needs. Determination of the amount of unrecognized withholding tax liability related to the indefinitely reinvested earnings is not practicable.

Our three major filing jurisdictions are the United States, Singapore, and Malaysia. We are no longer subject to U.S. Federal examination for tax years ending before 2017, to state examinations before 2018, or to foreign examinations before 2018. However, to the extent allowed by law, the tax authorities may have the right to examine prior periods where net operating losses or tax credits were generated and carried forward, and make adjustments up to the amount of the net operating losses or credit carryforward. At December 30, 2022, we were not under examination by a tax authority.

#### **Note 8 – Employee Benefit Programs**

##### *401(k) Plan*

We sponsor a 401(k) plan available to employees of our U.S.-based subsidiaries. Participants may make salary deferral contributions not to exceed 50% of a participant's annual compensation or the maximum amount otherwise allowed by law. Eligible employees receive a discretionary matching contribution equal to 50% of a participant's deferral, up to an annual maximum of 4% of a participant's annual compensation. For 2022, 2021, and 2020, matching contributions were \$3.0 million, \$2.2 million, and \$1.9 million, respectively.

## Note 9 – Long-Term Debt

Long-term debt consists of the following:

	December 30, 2022	December 31, 2021
Term loan	\$ 142,500	\$ 150,000
Revolving credit facility	160,000	145,000
Total principal amount of long-term debt	302,500	295,000
Less unamortized debt issuance costs	(1,782)	(2,247)
Total long-term debt, net	300,718	292,753
Less current portion	(7,500)	(7,500)
Total long-term debt, less current portion, net	<u>\$ 293,218</u>	<u>\$ 285,253</u>

Maturities of long-term debt consist of the following:

2023	\$ 7,500
2024	7,500
2025	7,500
2026	280,000
Total	<u>\$ 302,500</u>

The weighted average interest rate across our credit facilities was 3.37%, 2.74%, and 3.75% during 2022, 2021, and 2020, respectively.

On October 29, 2021, we entered into an amended and restated credit agreement, which includes a group of financial institutions as direct lenders underlying the agreement. The credit agreement includes a \$150.0 million term loan facility and a \$250.0 million revolving credit facility (together, “credit facilities”). Term loan payments of \$1.9 million are due on a quarterly basis. The credit agreement matures on October 29, 2026.

Our credit agreement is secured by our tangible and intangible assets and includes customary representations, warranties, and covenants. We are required to maintain a minimum fixed charge coverage ratio of 1.25 : 1 and a maximum leverage ratio of 3.50 : 1.

Interest is charged at either the Base Rate or the Bloomberg Short-Term Bank Yield Index (“BSBY”) Rate (as such terms are defined in the credit agreement) at our option, plus an applicable margin. The Base Rate is equal to the higher of i) the Prime Rate, ii) the Federal Funds Rate plus 0.5%, or iii) the BSBY Rate plus 1.00%. The BSBY Rate is equal to BSBY for a particular tenor matching the respective interest period. The applicable margin on Base Rate and BSBY Rate loans is 0.375-1.375% and 1.375-2.375% per annum, respectively, depending on our leverage ratio, which is based on trailing 12-month EBITDA, as defined in our credit agreement. We are also charged a commitment fee of 0.175%-0.350%, depending on our leverage ratio, on the unused portion of our revolving credit facility. Base Rate interest payments and commitment fees are due quarterly. BSBY rate interest payments are due on the last day of the applicable interest period, or quarterly for applicable interest periods longer than 3 months. At December 30, 2022, our credit facilities bore interest under the BSBY rate option of 5.97%.

## Note 10 – Shareholders’ Equity

### *Public Offering of Shares*

On December 14, 2020, we completed an underwritten public offering of 4.6 million ordinary shares with net proceeds of \$139.4 million, after deducting the underwriting discount of \$1.35 per share and incremental offering expenses of \$0.5 million.



## Note 11 – Share-Based Compensation

### 2016 Plan

In December 2016, we adopted the 2016 Omnibus Incentive Plan (“the 2016 Plan”). The 2016 Plan provides for grants of share-based awards to employees, directors, and consultants. Under the 2016 Plan, 1,888,000 ordinary shares were reserved for issuance. The number of shares reserved for issuance under the 2016 Plan increases annually beginning in fiscal year 2018 by the lesser of (i) 2% of the ordinary shares outstanding on the last day of the immediately preceding fiscal year or (ii) such amount determined by our Board of Directors. Awards may be in the form of share call options (“options”), restricted share units (“RSUs”), and other share-based awards. Forfeited or expired awards are returned to the incentive plan pool for future grants.

Share-based compensation expense across all plans for options, RSUs, and employee share purchase rights was \$13.9 million, \$11.5 million, and \$9.9 million during 2022, 2021, and 2020, respectively.

### Stock Options

Options are valued based on the Black-Scholes-Merton model on the date of grant. The risk-free interest rate is based on the U.S. Treasury rates in effect on the date of grant. Estimated volatility is based on the historical volatility of our ordinary shares. Options generally vest over 4 years, with 25% vesting on the first grant-date anniversary and the remaining vesting on a quarterly basis over the remaining 3 years. Options granted under the 2016 Plan have a contractual term of 7 years.

The table below sets forth the weighted average assumptions used to measure the fair value of options granted:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
Weighted average expected term	--	--	5 years
Risk-free interest rate	--	--	0.5%
Dividend yield	--	--	0.0%
Volatility	--	--	61.5%

The following table summarizes option activity:

	Number of Stock Options	Weighted average exercise price per share	Weighted average remaining contractual term	Aggregate intrinsic value
	Service condition			
Outstanding, December 31, 2021	921,469	\$ 23.20		
Granted	—	\$ —		
Exercised	(89,045)	\$ 21.76		
Forfeited or expired	(27,309)	\$ 23.53		
Outstanding, December 30, 2022	805,115	\$ 23.35	2.9 years	\$ 3,124
Exercisable, December 30, 2022	693,579	\$ 23.29	2.7 years	\$ 2,686

Fair value information for options granted and the intrinsic value of options exercised are as follows:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
Weighted average grant-date fair value of options granted	--	--	\$ 12.10
Total intrinsic value of options exercised	\$ 1,232	\$ 11,859	\$ 7,292

At December 30, 2022, total unrecognized share-based compensation expense relating to options was \$1.1 million, with a weighted average remaining service period of 1.0 years.

### Restricted Share Units

RSUs are valued based on the closing market price of our ordinary shares on the date of grant. RSUs that vest pursuant to a service condition generally vest over 4 years, with 25% vesting on the first grant-date anniversary and the remaining vesting on a quarterly basis over the remaining 3 years. RSUs that vest pursuant to a performance condition are generally earned over 3 years, depending on the achievement of certain financial and non-financial targets, and vest on or around the third grant-date anniversary. RSUs that vest pursuant to a market condition are valued based on a Monte Carlo simulation model and generally earned over 3 years based on a relative total shareholder return model and vest on or around the third grant-date anniversary. Upon vesting of RSUs, employees may elect to have shares withheld to cover statutory minimum withholding taxes. Shares withheld are not reflected as an issuance of ordinary shares within our consolidated statements of shareholders' equity, as the shares were never issued, and the associated tax payments are reflected as financing activities within our consolidated statements of cash flows.

The following table summarizes RSU activity:

	Number of Restricted Share Units			Weighted average grant-date fair value per share
	Service condition	Performance condition	Market condition	
Unvested, December 31, 2021	559,310	9,716	14,572	\$ 37.05
Granted	707,839	47,846	71,770	\$ 27.24
Vested	(266,843)	—	—	\$ 35.39
Forfeited	(139,711)	—	—	\$ 30.93
Unvested, December 30, 2022	860,595	57,562	86,342	\$ 30.26

Fair value information for RSUs granted and vested is as follows:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
Weighted average grant-date fair value per share of RSUs granted	\$ 27.24	\$ 49.59	\$ 24.50
Total grant-date fair value of shares vested	\$ 9,644	\$ 5,871	\$ 4,731

At December 30, 2022, total unrecognized share-based compensation expense relating to RSUs was \$24.7 million, with a weighted average remaining service period of 2.7 years.

### 2017 ESPP

In May 2017, we adopted the 2017 Employee Stock Purchase Plan (the "2017 ESPP"). The 2017 ESPP grants employees the ability to designate a portion of their base-pay to purchase ordinary shares at a price equal to 85% of the fair market value of our ordinary shares on the first or last day of each 6 month purchase period. Purchase periods begin on January 1 or July 1 and end on June 30 or December 31, or the next business day if such date is not a business day. Shares are purchased on the last day of the purchase period. As of December 30, 2022, 2.2 million ordinary shares remained eligible for issuance under the 2017 ESPP.

The table below sets forth the weighted average assumptions used to measure the fair value of 2017 ESPP rights:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
Weighted average expected term	0.5 years	0.5 years	0.5 years
Risk-free interest rate	1.4%	0.1%	0.7%
Dividend yield	0.0%	0.0%	0.0%
Volatility	63.8%	63.7%	60.1%

We recognize share-based compensation expense associated with the 2017 ESPP over the duration of the purchase period. We recognized \$1.0 million, \$0.6 million, and \$0.4 million of share-based compensation expense associated with the 2017 ESPP during 2022, 2021, and 2020, respectively. At December 30, 2022, there was no unrecognized share-based compensation expense.

## Note 12 – Segment Information

Our Chief Operating Decision Maker, the Chief Executive Officer, reviews our results of operations on a consolidated level and executive staff is structured by function rather than by product category. Additionally, key resources, decisions, and assessment of performance are analyzed at a company-wide level.

Therefore, we operate in one operating segment.

Foreign operations are conducted primarily through our wholly owned subsidiaries in Singapore and Malaysia, and to a lesser degree, Scotland, Korea, and Mexico. Our principal markets include North America, Asia, and to a lesser degree, Europe.

The following table sets forth sales by geographic area, which represents sales to unaffiliated customers based upon the location to which the products were shipped:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
United States of America	\$ 572,129	\$ 544,109	\$ 490,965
Singapore	460,569	383,278	303,444
Europe	109,547	78,745	70,915
Other	137,824	90,785	48,912
Total net sales	<u>\$ 1,280,069</u>	<u>\$ 1,096,917</u>	<u>\$ 914,236</u>

The following table sets forth our two major customers, which comprised 79%, 85%, and 87% of net sales in 2022, 2021, and 2020, respectively:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
Lam Research	\$ 616,391	\$ 579,009	\$ 475,933
Applied Materials	\$ 396,261	\$ 352,077	\$ 316,082

Foreign long-lived assets, exclusive of deferred tax assets, were \$52.8 million and \$38.4 million at December 30, 2022 and December 31, 2021, respectively.

## Note 13 – Earnings per Share

The following table sets forth the computation of our basic and diluted net income (loss) per share and a reconciliation of the numerator and denominator used in the calculation:

	Year Ended		
	December 30, 2022	December 31, 2021	December 25, 2020
<b>Numerator:</b>			
Net income	\$ 72,804	\$ 70,899	\$ 33,279
<b>Denominator:</b>			
Basic weighted average ordinary shares outstanding	28,714,550	28,259,607	23,172,961
Dilutive effect of options	165,855	480,790	221,565
Dilutive effect of RSUs	74,853	237,357	61,761
Dilutive effect of ESPP	7,773	1,598	3,818
Diluted weighted average ordinary shares outstanding	<u>28,963,031</u>	<u>28,979,352</u>	<u>23,460,105</u>
Securities excluded from the calculation of diluted weighted average ordinary shares outstanding (1)	<u>959,000</u>	<u>273,000</u>	<u>1,430,000</u>
<b>Earnings per share:</b>			
Net income:			
Basic	\$ 2.54	\$ 2.51	\$ 1.44
Diluted	\$ 2.51	\$ 2.45	\$ 1.42

(1) Represents potentially dilutive options and RSUs that were excluded from the calculation of net income per share, because including them would have been antidilutive under the treasury stock method.

## EXHIBIT INDEX

The following exhibits are filed with this Form 10-K or are incorporated herein by reference:

Exhibit Number	Description of Exhibit
2.1	<a href="#">Agreement and Plan of Merger, dated November 11, 2021, by and among Ichor Systems, Inc., Incline Merger Sub, LLC, IMG Companies, LLC, and Brian J. Miller (solely in his capacity as the Equityholders' Representative thereunder) (Incorporated by reference to Exhibit 10.1 to Ichor Holdings, Ltd.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2021).</a>
3.1*	<a href="#">Amended and Restated Memorandum and Articles of Association of Ichor Holdings, Ltd., effective as of May 24, 2022.</a>
4.1*	<a href="#">Description of Securities of Ichor Holdings, Ltd.</a>
10.1	<a href="#">Amended and Restated Credit Agreement, dated as of October 29, 2021, by and among Icicle Acquisition Holding B.V., Ichor Holdings, LLC, and Ichor Systems, Inc. as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions party thereto, as lenders (Incorporated by reference to Exhibit 10.1 to Ichor Holdings, Ltd.'s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2022).</a>
10.2+	<a href="#">Ichor Holdings, Ltd. 2016 Omnibus Incentive Plan (Incorporated by reference to Exhibit 10.11 to Ichor Holdings, Ltd.'s Amendment No. 2 to Registration Statement on Form S-1, filed with the Securities and Exchange Commission on November 29, 2016).</a>
10.3+	<a href="#">Form of Incentive Stock Option Agreement (Incorporated by reference to Exhibit 10.12 to Ichor Holdings, Ltd.'s Amendment No. 2 to Registration Statement on Form S-1, filed with the Securities and Exchange Commission on November 29, 2016).</a>
10.4+	<a href="#">Form of Restricted Stock Agreement (Incorporated by reference to Exhibit 10.13 to Ichor Holdings, Ltd.'s Amendment No. 2 to Registration Statement on Form S-1, filed with the Securities and Exchange Commission on November 29, 2016).</a>
10.5+	<a href="#">Form of Nonqualified Stock Option Agreement (Incorporated by reference to Exhibit 10.14 to Ichor Holdings, Ltd.'s Amendment No. 2 Registration Statement on Form S-1, filed with the Securities and Exchange Commission on November 29, 2016).</a>
10.6+	<a href="#">Offer Letter, dated as of January 8, 2013, by and between Ichor Systems, Inc. and Philip Barros (Incorporated by reference to Exhibit 10.16 to Ichor Holdings, Ltd.'s Registration Statement on Form S-1, filed with the Securities and Exchange Commission on November 14, 2016).</a>
10.7+	<a href="#">Offer Letter, dated as of September 30, 2015, by and between Ichor Systems, Inc. and Philip Barros (Incorporated by reference to Exhibit 10.17 to Ichor Holdings, Ltd.'s Registration Statement on Form S-1, filed with the Securities and Exchange Commission on November 14, 2016).</a>
10.8+	<a href="#">Select Severance Plan, dated as of March 6, 2019, by and among Ichor Holdings, Ltd. and certain officers and directors party thereto (Incorporated by reference to Exhibit 10.9 to Ichor Holdings, Ltd.'s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 8, 2019).</a>
10.9+	<a href="#">Offer Letter, dated August 23, 2019, between Ichor Systems, Inc. and Larry Sparks (Incorporated by reference to Exhibit 10.1 to Ichor Holdings, Ltd.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 9, 2019).</a>
10.10+	<a href="#">Offer Letter, dated November 20, 2019, between Ichor Systems, Inc. and Jeffrey Andreson (Incorporated by reference to Exhibit 10.12 to Ichor Holdings, Ltd.'s Annual Report on Form 10 K filed with the Securities and Exchange Commission on March 6, 2020).</a>
10.11+	<a href="#">Letter Agreement, dated December 23, 2021 between Ichor Systems, Inc. and Thomas Rohrs (Incorporated by reference to Exhibit 10.11 to Ichor Holdings, Ltd.'s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2022).</a>
10.12+	<a href="#">Offer letter, dated November 15, 2022, between Ichor Systems, Inc. and Bruce Ragsdale (Incorporated by reference to Exhibit 10.1 to Ichor Holdings, Ltd.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 28, 2022).</a>
21.1*	<a href="#">List of subsidiaries</a>
23.1*	<a href="#">Consent of KPMG LLP</a>
31.1*	<a href="#">Certifications of Chief Executive Officer of the Company under Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certifications of Chief Financial Officer of the Company under Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1**	<a href="#">Certifications of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This certification accompanies this report and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of §18 of the Securities Exchange Act of 1934, as amended.</a>
32.2**	<a href="#">Certifications of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This certification accompanies this report and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of §18 of the Securities Exchange Act of 1934, as amended.</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith

\*\* Furnished herewith

+ A management contract or compensatory arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K



**THE COMPANIES ACT (AS REVISED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED  
MEMORANDUM AND ARTICLES OF ASSOCIATION**

**OF**

**ICHOR HOLDINGS, LTD.**

**(ADOPTED BY SPECIAL RESOLUTION DATED MAY 24, 2022 WITH EFFECT FROM MAY 24, 2022)**

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**THE COMPANIES ACT (AS REVISED)**  
**OF THE CAYMAN ISLANDS**  
**COMPANY LIMITED BY SHARES**  
  
**AMENDED AND RESTATED**  
**MEMORANDUM OF ASSOCIATION**  
  
**OF**  
**ICHOR HOLDINGS, LTD.**

**(ADOPTED BY SPECIAL RESOLUTION DATED MAY 24, 2022 WITH EFFECT FROM MAY 24, 2022)**

- 1 The name of the Company is **Ichor Holdings, Ltd.**
- 2 The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as the Directors may from time to time decide.
- 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act (As Revised) or as the same may be revised from time to time, or any other law of the Cayman Islands.
- 4 The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
- 5 The authorised share capital of the Company is US\$22,000 divided into 200,000,000 Ordinary Shares of a nominal or par value of US\$0.0001 each and 20,000,000 Preferred Shares of a nominal or par value of US\$0.0001 each.
- 6 The Company has the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
- 7 Capitalised terms that are not defined in this Amended and Restated Memorandum of Association bear the same meaning as those given in the Amended and Restated Articles of Association of the Company.

**THE COMPANIES ACT (AS REVISED)**  
**OF THE CAYMAN ISLANDS**  
**COMPANY LIMITED BY SHARES**  
**AMENDED AND RESTATED**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**ICHOR HOLDINGS, LTD.**  
**(ADOPTED BY SPECIAL RESOLUTION DATED MAY 24, 2022 WITH EFFECT FROM MAY 24, 2022)**

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## 1 Interpretation

1.1 In these Articles, unless otherwise defined, the defined terms shall have the meanings assigned to them as follows:

<b>"Affiliate"</b>	means (i) in the case of a natural person, such person's parents, parents-in-law, spouse, children or grandchildren, a trust for the benefit of any of the foregoing, a company, partnership or any natural person or entity wholly or jointly owned by such person or any of the foregoing, and (ii) in the case of a corporation, partnership or other entity or any natural person or entity which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity. The term "control" shall mean the ownership, directly or indirectly, of shares possessing more than fifty per cent (50%) of the voting power of the corporation, or the partnership or other entity (other than, in the case of a corporation, shares having such power only by reason of the happening of a contingency), or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such corporation, partnership or other entity.
<b>"Articles"</b>	means the Amended and Restated Articles of Association of the Company, as from time to time altered or added to in accordance with the Statute and these Articles.
<b>"Business Day"</b>	means a day, excluding Saturdays or Sundays, on which banks in New York, New York, United States of America are open for general banking business throughout their normal business hours.
<b>"Commission"</b>	means the Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act.
<b>"Company"</b>	means Ichor Holdings, Ltd., a Cayman Islands company limited by shares.
<b>"Company's Website"</b>	means the website of the Company, the address or domain name of which has been notified to Members.
<b>"Designated Stock Exchange"</b>	means the Nasdaq Global Select Market or any other stock exchange or automated quotation system on which the Company's securities are then traded.
<b>"Dividend"</b>	means any dividend (whether interim or final) resolved to be paid on shares pursuant to these Articles.
<b>"Directors"</b>	means the directors of the Company for the time being, or as the case may be, the Directors assembled as a board or as a committee thereof.
<b>"electronic"</b>	has the meaning given to it in the Electronic Transactions Act (As Revised) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.
<b>"electronic record"</b>	has the meaning given to it in the Electronic Transactions Act (As Revised) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.
<b>"electronic communication"</b>	means electronic transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than a majority vote of the Directors.
<b>"Exchange Act"</b>	means the United States Securities Exchange Act of 1934, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.
<b>"Market Price"</b>	means for any given day, the price quoted in respect of the Ordinary Shares on the Designated Stock Exchange of the close of trading on such day, or if such day is not a date on which the Designated Stock Exchange is open, then the close of trading on the previous trading day.

<b>"Member"</b>	means a person whose name is entered in the Register of Members as the holder of a share or shares.
<b>"Memorandum of Association"</b>	means the Memorandum of Association of the Company, as amended and restated from time to time.
<b>"month"</b>	means the calendar month.
<b>"Nominating Member"</b>	means (i) the Member providing the notice of the nomination proposed to be made at a general meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at any general meeting is made, and (iii) any Affiliate or associate of such Member or beneficial owner.
<b>"Ordinary Resolution"</b>	means (i) a resolution passed by a simple majority of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Member being an organisation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of the Company or (ii) a unanimous written resolution.
<b>"Ordinary Shares"</b>	means an Ordinary Share in the capital of the Company of US\$0.0001 nominal or par value designated as Ordinary Shares, and having the rights provided for in these Articles.
<b>"Preferred Shares"</b>	means shares in the capital of the Company of US\$0.0001 nominal or par value designated as Preferred Shares, and having the rights provided for in these Articles.
<b>"Register of Members"</b>	means the register maintained by the Company in accordance with section 40 of the Statute or any modification or re-enactment thereof for the time being in force.
<b>"Registered Office"</b>	means the registered office for the time being of the Company.
<b>"Seal"</b>	means the common seal of the Company including any facsimile thereof.
<b>"Securities Act"</b>	means the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.
<b>"share"</b>	means any share in the capital of the Company, including the Ordinary Shares, Preferred Shares and shares of other classes.
<b>"signed"</b>	means a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication.
<b>"Special Resolution"</b>	means (i) a resolution passed by not less than two-thirds of votes cast by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution, has been duly given or (ii) a unanimous written resolution.
<b>"Statute"</b>	means the Companies Act (As Revised) of the Cayman Islands and any statutory amendment or re-enactment thereof.
<b>"Treasury Share"</b>	means a share held in the name of the Company as a treasury share in accordance with the Statute.
<b>"year"</b>	means the calendar year.

1.2 In these Articles, save where the context requires otherwise:

- (a) words importing the singular number shall include the plural number and vice versa;
- (b) words importing the masculine gender only (*i.e.*, "he" and "his") shall include the feminine gender (*i.e.*, "her," and "hers") and shall include references to entities without gender (*i.e.*, "it" and "its");
- (c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;
- (d) "may" shall be construed as permissive and "shall" shall be construed as imperative;
- (e) a reference to a dollar or dollars (or \$) is a reference to dollars of the United States of America;
- (f) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
- (g) any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (h) Section 8 and 19(3) of the Electronic Transactions Act (As Revised) shall not apply;
- (i) "written" and "in writing" means all modes of representing or reproducing words in visible form, including in the form of an electronic record and any requirements as to delivery under these Articles include delivery in the form of an electronic record; where used in connection with a notice served by the Company on Members or other persons entitled to receive notices hereunder, such "writing" shall also include a record maintained in an electronic medium which is accessible in visible form so as to be useable for subsequent reference;
- (j) any requirements as to execution or signature under these Articles can be satisfied in the form of an electronic signature as defined in the Electronic Transactions Act (As Revised);
- (k) the term "clear days" in relation to the period of a notice means that period excluding the day when the notice is received or deemed to be received and the day for which it is given or on which it is to take effect; and
- (l) the term "holder" in relation to a share means a person whose name is entered in the Register of Members as the holder of such share.

1.3 Subject to the last two preceding Articles, any words defined in the Statute shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

## **2 Preliminary**

2.1 The business of the Company may be commenced as soon after incorporation as the Directors see fit, notwithstanding that only part of the shares may have been allotted or issued.

2.2 The registered office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

### 3 Issue of Shares

- 3.1 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) the Directors may, in their absolute discretion and without approval of the holders of Ordinary Shares, allot, issue, grant options over or otherwise dispose of shares (including fractions of a share) with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend or other distribution, voting, return of capital or otherwise, any or all of which may be greater than the powers and rights associated with the Ordinary Shares, to such persons, at such times and on such other terms as they think proper, which shall be conclusively evidenced by their approval of the terms thereof, and may also (subject to the Statute and these Articles) vary such rights.
- 3.2 The Company shall not issue shares in bearer form and shall only issue shares as fully paid.

### 4 Ordinary Shares

- 4.1 The holders of the Ordinary Shares shall be:
- (a) entitled to dividends in accordance with the relevant provisions of these Articles;
  - (b) entitled to and are subject to the provisions in relation to winding up of the Company provided for in these Articles;
  - (c) entitled to attend general meetings of the Company and shall be entitled to one vote for each Ordinary Share registered in his name in the Register of Members, both in accordance with the relevant provisions of these Articles.
- 4.2 All Ordinary Shares shall rank *pari passu* with each other in all respects.

### 5 Preferred Shares

- 5.1 Preferred Shares may be issued from time to time in one or more series, each of such series to have such voting powers (full or limited or without voting powers), designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as are stated and expressed, or in any resolution or resolutions providing for the issue of such series adopted by the Directors as hereinafter provided.
- 5.2 Authority is hereby granted to the Directors, subject to the provisions of the Memorandum, these Articles and applicable law, to create one or more series of Preferred Shares and, with respect to each such series, to fix by resolution or resolutions, without any further vote or action by the Members of the Company providing for the issue of such series:
- (a) the number of Preferred Shares to constitute such series and the distinctive designation thereof;
  - (b) the dividend rate on the Preferred Shares of such series, the dividend payment dates, the periods in respect of which dividends are payable ("**Dividend Periods**"), whether such dividends shall be cumulative and, if cumulative, the date or dates from which dividends shall accumulate;
  - (c) whether the Preferred Shares of such series shall be convertible into, or exchangeable for, Shares of any other class or classes or any other series of the same or any other class or classes of Shares and the conversion price or prices or rate or rates, or the rate or rates at which such exchange may be made, with such adjustments, if any, as shall be stated and expressed or provided in such resolution or resolutions;
  - (d) the preferences, if any, and the amounts thereof, which the Preferred Shares of such series shall be entitled to receive upon the winding up of the Company;
  - (e) the voting power, if any, of the Preferred Shares of such series;
  - (f) transfer restrictions and rights of first refusal with respect to the Preferred Shares of such series; and
  - (g) such other terms, conditions, special rights and provisions as may seem advisable to the Directors.

- 5.3 Notwithstanding the fixing of the number of Preferred Shares constituting a particular series upon the issuance thereof, the Directors at any time thereafter may authorise the issuance of additional Preferred Shares of the same series subject always to the Statute and the Memorandum.
- 5.4 No dividend shall be declared and set apart for payment on any series of Preferred Shares in respect of any Dividend Period unless there shall likewise be or have been paid, or declared and set apart for payment, on all Preferred Shares of each other series entitled to cumulative dividends at the time outstanding which rank senior or equally as to dividends with the series in question, dividends rateably in accordance with the sums which would be payable on the said Preferred Shares through the end of the last preceding Dividend Period if all dividends were declared and paid in full.
- 5.5 If, upon the winding up of the Company, the assets of the Company distributable among the holders of any one or more series of Preferred Shares which (a) are entitled to a preference over the holders of the Ordinary Shares upon such winding up; and (b) rank equally in connection with any such distribution, shall be insufficient to pay in full the preferential amount to which the holders of such Preferred Shares shall be entitled, then such assets, or the proceeds thereof, shall be distributed among the holders of each such series of the Preferred Shares rateably in accordance with the sums which would be payable on such distribution if all sums payable were discharged in full.

## **6 Register of Members and Share Certificates**

- 6.1 The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.
- 6.2 The Directors may determine that the Company shall maintain one or more branch registers of Members in accordance with the Statute. The Directors may also determine which register of Members shall constitute the principal register and which shall constitute the branch register or registers, and to vary such determination from time to time.
- 6.3 Shares shall be held in uncertificated, book entry form, unless the Directors resolve that share certificates shall be issued. Every person whose name is entered as a Member in the Register of Members and whose shares are to be held in certificated form shall, upon request and without payment, be entitled to a certificate within two months after allotment or transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors.
- 6.4 All certificates shall specify the share or shares held by that person and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all. In the event that shares are held jointly by several persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.
- 6.5 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.
- 6.6 All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at the Member's registered address as appearing in the Register of Members. Every share certificate sent in accordance with these Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.
- 6.7 Every share certificate of the Company shall bear any legends required under applicable laws, including the Securities Act.

## **7 Transfer of Shares**

- 7.1 Subject to these Articles and the rules or regulations of the Designated Stock Exchange or any relevant securities laws (including, but not limited to the Exchange Act), any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Directors and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Directors may approve from time to time.
- 7.2 The instrument of transfer shall be executed by or on behalf of the transferor. Without prejudice to the last preceding Article, the Directors may also resolve, either generally or in any particular case, upon request by the transferor or transferee to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered into the Register of Members in respect thereof.
- 7.3 The Directors may, in their absolute discretion, decline to register any transfer of shares, subject to any applicable requirements imposed from time to time by the Commission and the Designated Stock Exchange.
- 7.4 Without limiting the generality of the last preceding Article, the Directors may decline to recognise any instrument of transfer unless:
- (a) a fee of such maximum sum as the Directors may from time to time require is paid to the Company in respect thereof;
  - (b) the instrument of transfer is in respect of only one class of share;
  - (c) the instrument of transfer is lodged at the Registered Office or such other place as the Register of Members is kept in accordance with the Statute accompanied by the relevant share certificate(s) (if any) or such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
  - (d) the instrument of transfer is duly and properly signed.
- 7.5 If the Directors refuse to register a transfer of any share, the Company shall, within three months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of the refusal.
- 7.6 The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than forty five (45) days in any year.
- 7.7 The Directors in so far as permitted by any applicable law and rules of the Designated Stock Exchange may, in their absolute discretion, at any time and from time to time transfer any share upon the Register of Members to any branch register or any share on any branch register to the Register of Members or any other branch register. In the event of any such transfer, the Member requesting such transfer shall bear the cost of effecting such transfer unless the Directors otherwise determine.

## **8 Redemption, Purchase and Surrender of Shares, Treasury Shares**

- 8.1 Subject to the provisions, if any, in these Articles, the Memorandum, applicable law, including the Statute, and the rules of the Designated Stock Exchange, the Company may:
- (a) issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as the Directors may, before the issue of such shares, determine; and
  - (b) purchase its own shares (including any redeemable shares) in such manner and on such other terms as the Directors may agree with the relevant Member, provided that the manner of purchase is in accordance with any applicable requirements imposed from time to time by the Commission or the Designated Stock Exchange;

- 8.2 The Company may make a payment in respect of the redemption or purchase of its own shares in any manner permitted by the Statute, including out of capital.
- 8.3 The Directors may accept the surrender for no consideration of any fully paid share.
- 8.4 The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.
- 8.5 The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

## **9 Variation of Rights Attaching to Shares**

- 9.1 If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied without the consent of the holders of the issued shares of that class where such variation is considered by the Directors not to have a material adverse effect upon such rights; otherwise, any such variation shall be made only with the consent in writing of the holders of not less than two thirds of the issued shares of that class, or with the sanction of a resolution passed by a majority of not less than two thirds of the votes cast at a separate meeting of the holders of the shares of that class. For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of shares of the relevant class. To any such meeting all the provisions of these Articles relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one person holding or representing by proxy at least one third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
- 9.2 For the purposes of a separate class meeting, the Directors may treat two or more or all the classes of Shares as forming one class of shares if the Directors consider that such class of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of shares.
- 9.3 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking in priority to or *pari passu* therewith.

## **10 Commission on Sale of Shares**

The Company may, in so far as the Statute permits, pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up shares. The Company may also on any issue of shares pay such brokerage as may be lawful.

## **11 Non-Recognition of Trusts**

The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any share other than an absolute right to the entirety thereof in the holder.

## **12 Transmission of Shares**

- 12.1 If a Member dies, the survivor or survivors (where he was a joint holder) or his legal personal representatives (where he was a sole holder), shall be the only persons recognised by the Company as having any title to his shares. The estate of a deceased Member is not thereby released from any liability in respect of any share, for which he was a joint or sole holder.

12.2 Any person becoming entitled to a share in consequence of the death or bankruptcy, liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may be required by the Directors, elect, by a notice in writing sent by him to the Company, either to become the holder of such share or to have some person nominated by him registered as the holder of such share. If he elects to have another person registered as the holder of such share he shall sign an instrument of transfer of that share to that person. The Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the relevant Member before his death or bankruptcy, liquidation or dissolution, as the case may be.

12.3 A person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends, other distributions and other advantages to which he would be entitled if he were the holder of such share. However, he shall not, before becoming a Member in respect of a share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the share (but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the relevant Member before his death or bankruptcy or liquidation or dissolution or any other case than by transfer, as the case may be). If the notice is not complied with within ninety days of being received or deemed to be received (as determined pursuant to these Articles) the Directors may thereafter withhold payment of all Dividends, other distributions, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

### **13 Alteration of Capital**

13.1 Subject to these Articles, the Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe.

13.2 Subject to these Articles, the Company may by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares, provided that any fractions of a share that result from such a consolidation or division of its share capital shall be automatically repurchased by the Company at (i) the Market Price on the date of such consolidation or division, in the case of any shares listed on a Designated Stock Exchange and (ii) a price to be agreed between the Company and the applicable Member in the case of any shares not listed on a Designated Stock Exchange;
- (b) sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;
- (c) divide shares into multiple classes; or
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

13.3 All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

13.4 Subject to these Articles, the Company may by Special Resolution:

- (a) change its name;
- (b) alter or add to these Articles;
- (c) alter or add to the Memorandum of Association with respect to any objects, powers or other matters specified therein; or
- (d) reduce its share capital and any capital redemption reserve in any manner authorised by law.



## **14 Closing Register of Members or Fixing Record Date**

- 14.1 For the purpose of determining Members entitled to notice of, attend or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not in any case exceed forty days.
- 14.2 If the Register of Members shall be so closed for the purpose of determining those Members that are entitled to receive notice of, attend or vote at a meeting of Members such register shall be so closed for at least ten (10) calendar days (but not more than sixty (60) calendar days) immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members, which such date shall not precede the date upon which the resolution fixing the record date is adopted by the Directors. The Directors shall prepare, or cause to be prepared, at least ten (10) days before every general meeting, a complete list of the Members entitled to vote at such meeting, arranged in alphabetical order, and showing the address of each Member and the number of shares registered in the name of each Member. Such list shall be open to the examination of any Member, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the principal executive office of the Company. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Member who is present.
- 14.3 In lieu of, or apart from, closing the Register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, attend or to vote at a meeting of the Members or any adjournment thereof, or for the purpose of determining those Members that are entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose.
- 14.4 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to receive notice of, attend or to vote at a meeting of Members or those Members that are entitled to receive payment of a Dividend or other distribution, the record date for such determination of Members shall be at the close of business on the Business Day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the Business Day next preceding the day on which the meeting is held. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

## **15 General Meetings**

- 15.1 All general meetings of the Company other than annual general meetings shall be called extraordinary general meetings.
- 15.2 For so long as the Company's securities are traded on a Designated Stock Exchange, the Company shall in each year hold a general meeting as its annual general meeting at such time and place as may be determined by the Directors.
- 15.3 Extraordinary general meetings may be called by a majority of the Directors or by the chairman of the board of Directors. If an extraordinary general meeting is called by the Directors, such extraordinary general meeting shall be held at such time and place as may be determined by the Directors, and if an extraordinary general meeting is called by the chairman of the board of Directors, such extraordinary general meeting shall be held at such time and place as may be determined by the chairman of the board of Directors.
- 15.4 A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.

## 16 Notice of General Meetings

- 16.1 At least ten (10) calendar days' notice (but not more than sixty (60) calendar days' notice) shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting, the matters that are intended to be presented, and, in the case of annual general meetings, the name of any nominee who the Directors intend to present for election, and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- (a) in the case of an annual general meeting, by all the Members (or their proxies) entitled to attend and vote thereat; and
  - (b) in the case of an extraordinary general meeting, by the Members (or their proxies) having a right to attend and vote at the meeting, together holding not less than a majority of the shares giving that right.
- 16.2 The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a Special Resolution shall specify the intention to propose the resolution as a Special Resolution. Notice of every general meeting shall be given to all Members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.
- 16.3 In cases where instruments of proxy are sent out with a notice of general meeting, the accidental omission to send such instrument of proxy to, or the non-receipt of any such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.
- 16.4 No business may be transacted at any general meeting, other than business that is either (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Directors (or any duly authorised committee thereof), (B) otherwise properly brought before an annual general meeting by or at the direction of the Directors (or any duly authorised committee thereof) or (C) otherwise properly brought before an annual general meeting by any Member of the Company who (1) is a Member of record on both (x) the date of the giving of the notice by such Member provided for in this Article and (y) the record date for the determination of Members entitled to vote at such annual general meeting and (2) complies with the notice procedures set forth in this Article.
- (a) In addition to any other applicable requirements, for business to be brought properly before an annual general meeting by a Member, such Member must have given timely notice thereof in proper written form to the Secretary of the Company and comply with Article 16.4(c) and (f).
  - (b) All notices of general meetings shall be sent or otherwise given in accordance with this Article not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date and hour of the meeting and (i) in the case of an extraordinary general meeting, the purpose or purposes for which the meeting is called (no business other than that specified in the notice may be transacted) or (ii) in the case of the annual general meeting, those matters which the Directors, at the time of giving the notice, intends to present for action by the members (but any proper matter may be presented at the meeting for such action). The notice of any meeting at which Directors are to be elected shall include the name of any nominee or nominees who, at the time of the notice, the Directors intend to present for election.
  - (c) For matters other than for the nomination for election of a Director to be made by a Member, to be timely, such Member's notice shall be delivered to the Company at the principal executive offices of the Company not less than ninety (90) days and not more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year's annual general meeting; provided, however, that if the Company's annual general meeting occurs on a date more than thirty (30) days earlier or later than the Company's prior year's annual general meeting, then the Directors shall determine a date a reasonable period prior to the Company's annual general meeting by which date the Members notice must be delivered and publicise such date in a filing pursuant to the Exchange Act, or via press release. Such publication shall occur at least ten (10) days prior to the date set by the Directors.

- (d) To be in proper written form, a Member's notice to the Company must set forth as to such matter such Member proposes to bring before the annual general meeting:
- (i) a reasonably brief description of the business desired to be brought before the annual general meeting, including the text of the proposal or business, and the reasons for conducting such business at the annual general meeting;
  - (ii) the name and address, as they appear on the Company's Register of Members, of the Member proposing such business and any Member Associated Person (as defined below);
  - (iii) the class or series and number of shares of the Company that are held of record or are beneficially owned by such Member or any Member Associated Person and any derivative positions held or beneficially held by the Member or any Member Associated Person;
  - (iv) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of such Member or any Member Associated Person with respect to any securities of the Company, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit from share price changes for, or to increase or decrease the voting power of, such Member or any Member Associated Person with respect to any securities of the Company;
  - (v) any material interest of the Member or a Member Associated Person in such business, including a reasonably detailed description of all agreements, arrangements and understandings between or among any of such Members or between or among any proposing Members and any other person or entity (including their names) in connection with the proposal of such business by such Member; and
  - (vi) a statement as to whether such Member or any Member Associated Person will deliver a proxy statement and form of proxy to holders of at least the percentage of the Company's voting shares required under applicable law and the rules of the Designated Stock Exchange to carry the proposal.

For purposes of this Article 16.4(d), a "**Member Associated Person**" of any Member shall mean (x) any Affiliate; or person acting in concert with, such Member, (y) any beneficial owner of shares of the Company owned of record or beneficially by such Member and on whose behalf the proposal or nomination, as the case may be, is being made, or (z) any person controlling, controlled by or under common control with such person referred to in the preceding clauses (x) and (y).

- (e) In addition to any other applicable requirements, for a nomination for election of a Director to be made by a Member of the Company (other than Directors to be nominated by any series of Preferred Shares, voting separately as a class), such Member must (A) be a Member of record on both (x) the date of the giving of the notice by such Member provided for in this Article and (y) the record date for the determination of Members entitled to vote at such annual general meeting, and on each such date beneficially own more than 15% of the issued Ordinary Shares (unless otherwise provided in the Exchange Act or the rules and regulations of the Commission) and (B) have given timely notice thereof in proper written form to the Secretary of the Company. If a Member is entitled to vote only for a specific class or category of directors at a meeting of the Members, such Member's right to nominate one or more persons for election as a director at the meeting shall be limited to such class or category of directors.

- (f) To be timely for purposes of Article 16.4(e), a Member's notice shall be delivered to or mailed and received at the principal executive offices of the Company not less than ninety (90) nor more than one hundred twenty (120) days prior to the meeting; provided, however, that in the event less than one hundred thirty (130) days' notice or prior public disclosure of the date of the meeting is given or made to Members, notice by the Member to be timely must be so received not later than the close of business on the tenth (10th) day following the earlier of the day on which such notice of the date of the meeting was mailed or such public disclosure was made.
- (g) To be in proper written form for purposes of Article 16.4(f), a Nominating Member's notice to the Secretary must be set forth:
  - (i) as to each Nominating Member:
    - (A) the information that is requested in Article 16.4(d)(ii)-(vi); and
    - (B) any other information relating to such Member that would be required to be disclosed pursuant to any applicable law and rules of the Commission or of the Designated Stock Exchange.
  - (ii) as to each person whom the Member proposes to nominate for election as a director:
    - (A) all information that would be required by Article 16.4(d)(ii)-(vi) if such nominee was a Nominating Member, except such information shall also include the business address and residence address of the person;
    - (B) the principal occupation or employment of the person;
    - (C) all information relating to such person that is required to be disclosed in solicitations of proxies for appointment of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act or any successor provisions thereto, and any other information relating to the person that would be required to be disclosed pursuant to any applicable law and rules of the Commission or of the Designated Stock Exchange; and
    - (D) a description of all direct and indirect compensation and other material monetary arrangements and understandings during the past three years, and any other material relationship, between or among any Nominating Member and his Affiliates and associates, on the one hand, and each proposed nominee, his respective Affiliates and associates, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K of the Exchange Act if such Nominating Member were the "registrant" for purposes of such rule and the proposed nominee were a director or executive officer of such registrant.

Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. The Company may require any proposed nominee to furnish such other information as may be reasonably required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company in accordance with the rules of the Designated Stock Exchange.

- (h) Unless otherwise provided by the terms of these Articles, any series of Preferred Shares or any agreement among Members or other agreement approved by the Directors, only persons who are nominated in accordance with the procedures set forth above shall be eligible to serve as Directors. If the chairman of a general meeting determines that a proposed nomination was not made in compliance with these Articles, he or she shall declare to the general meeting that nomination is defective and such defective nomination shall be disregarded. Notwithstanding the foregoing provisions of these Articles, if the Nominating Member (or a qualified representative of the Nominating Member) does not appear at the general meeting to present the nomination, such nomination shall be disregarded.

16.5 The Directors shall have power at any time and from time to time to appoint any person to be a Director, either as a result of a casual vacancy or as an additional Director, subject to the maximum number (if any) imposed by the Directors.

- 16.6 The Company may by Ordinary Resolution appoint any person to be a Director.
- 16.7 Subject to these Articles, a Director shall hold office until the expiry of his or her term as contemplated by Article 21.2 or, until such time as he or she vacates office in accordance with Article 24.1.
- 16.8 No person shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth in this Article. If the chairman of an annual general meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded. This Article 16 shall not apply to any nomination of a director in an election in which only the holders of one or more series of Preferred Shares of the Company are entitled to vote (unless otherwise provided in the terms of such series of Preferred Shares).
- 16.9 The accidental omission to give notice of a meeting to or the non receipt of a notice of a meeting by any Member shall not invalidate the proceedings at any meeting.

## **17 Proceedings at General Meetings**

- 17.1 No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Members holding in aggregate not less than a simple majority of all voting share capital of the Company in issue present in person or by proxy and entitled to vote shall be a quorum. A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting. If, however, such quorum is not present or represented at any general meeting, then either (i) the chairman of the meeting or (ii) the Members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting.
- 17.2 When a meeting is adjourned to another time and place, unless these Articles otherwise require, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Company may transact any business that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting.
- 17.3 A determination of the Members of record entitled to notice of or to vote at a general meeting shall apply to any adjournment of such meeting unless the Directors fix a new record date for the adjourned meeting, but the Directors shall fix a new record date if the meeting is adjourned for more than thirty (30) days from the date set for the original meeting.
- 17.4 The chairman of the board of Directors shall preside as chairman at every general meeting of the Company. If at any meeting the chairman of the board of Directors is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Directors present shall elect one of their number as chairman of the meeting or if all the Directors present decline to take the chair, the Members present shall choose one of their own number to be the chairman of the meeting.
- 17.5 At any general meeting a resolution put to the vote of the meeting shall be decided on a poll.
- 17.6 A poll shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting.
- 17.7 In the case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

## **18 Votes of Members**

- 18.1 Subject to any rights and restrictions for the time being attached to any class or classes of shares, every Member present in person and every person representing a Member by proxy at a general meeting of the Company shall have one vote for each share registered in such Member's name in the Register of Members. No cumulative voting shall be allowed.

- 18.2 In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
- 18.3 A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote on a poll by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person, may on a poll, vote by proxy.
- 18.4 No Member shall be entitled to vote at any general meeting unless all sums presently payable by him in respect of shares in the Company have been paid.
- 18.5 On a poll, votes may be given either personally or by proxy.
- 18.6 The instrument appointing a proxy shall be in writing (whether by manual signature, typewriting, telegraphic transmission, telefacsimile or otherwise) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is an entity, either under seal or under the hand of an officer or attorney duly authorised in that behalf provided however, that a Member may also authorise the casting of a vote by proxy pursuant to telephonic or electronically transmitted instructions (including, without limitation, instructions transmitted over the internet) obtained pursuant to procedures approved by the Directors which are reasonably designed to verify that such instructions have been authorised by such Member. A proxy need not be a Member of the Company. Notwithstanding the foregoing, no proxy shall be voted or acted upon after three (3) years from its date unless the proxy provides for a longer period.
- 18.7 An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.
- 18.8 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- 18.9 Shares that are beneficially owned by the Company shall not be voted, directly or indirectly, at any general meeting and shall not be counted in determining the total number of issued Shares at any given time.

## **19 Corporations Acting by Representatives at Meeting**

Any corporation or other entity which is a Member may, by resolution of its directors, other governing body or authorised individual(s), authorise such person as it thinks fit to act as its representative at any general meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member.

## **20 Clearing Houses**

If a clearing house or depository (or its nominee) is a Member it may, by resolution of its directors, other governing body or authorised individual(s) or by power of attorney, authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting of the Company or at any general meeting of any class of Members; provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual member of the Company holding the number and class of shares specified in such authorisation.

## **21 Directors**

- 21.1 There shall be a board of Directors consisting of six (6) Directors, unless increased or decreased from time to time by the Directors or the Company in general meeting. So long as Shares are listed on the Designated Stock Exchange, the board of Directors shall include such number of "independent directors" as the relevant rules applicable to the listing of any Shares on the Designated Stock Exchange require (subject to any applicable exceptions for Controlled Companies).

- 21.2 Prior to the adoption of these Articles, the Directors have been divided into three (3) classes designated as Class I, Class II and Class III, respectively. The term of the Class I Directors in office as at the adoption of these Articles shall expire at the Company's annual general meeting held in 2023. The term of the Class II Directors in office as at the adoption of these Articles shall expire at the Company's annual general meeting held in 2024. The term of the Class III Directors in office as at the adoption of these Articles shall expire at the Company's annual general meeting held in 2025. Commencing at the Company's first annual general meeting following the adoption of these Articles and at each succeeding annual general meeting, upon the expiry of their term of office as set out in this Article, Directors shall be elected for a full term of one (1) year to succeed the Directors whose terms expire at such annual general meeting. Notwithstanding the foregoing provisions of this Article, each Director shall hold office until the expiration of his term, until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of Directors constituting the Directors shall shorten the term of any incumbent Director.
- 21.3 The Directors by the affirmative vote of a simple majority of the remaining Directors present and voting at a meeting of the Directors, even if less than a quorum, shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the board of Directors or as an addition to the existing board of Directors, subject to these Articles, applicable law and the listing rules of the Designated Stock Exchange; provided that any vacancy not filled by the Directors may be filled by the Members by Ordinary Resolution at the next annual general meeting or extraordinary general meeting called for that purpose; provided further, that whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more Directors by the provisions of these Articles, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the Directors elected by such class or classes or series thereof then in office, or by a sole remaining Director so elected or by the Members holding such class or classes of shares or series thereof in accordance with these Articles. Any Director so appointed shall hold office until the expiration of the term of such class of Directors or until his earlier death, resignation or removal.
- 21.4 A director may be removed from office by the Members by Special Resolution only for cause ("cause" for removal of a Director shall be deemed to exist only if (a) the Director whose removal is proposed has been convicted of a felony by a court of competent jurisdiction and such conviction is no longer subject to direct appeal; (b) such Director has been found by the affirmative vote of a majority of the Directors then in office at any regular or special meeting of the board of Directors called for that purpose, or by a court of competent jurisdiction, to have been guilty of wilful misconduct in the performance of such Director's duties to the Company in a matter of substantial importance to the Company; or (c) such Director has been adjudicated by a court of competent jurisdiction to be mentally incompetent, which mental incompetency directly affects such director's ability to perform his or her obligations as a Director) at any time before the expiration of his term notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement). If the board of Directors makes a determination that removal of a Director by the Members by Special Resolution is in the best interests of the Company the above definition of "cause" shall not apply. A vacancy on the board of Directors created by the removal of a Director under the provisions of these Articles may be filled by the election or appointment by Ordinary Resolution at the general meeting at which such Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a meeting of the Directors, subject to these Articles, applicable law and the listing rules of the Designated Stock Exchange. A Director appointed to fill a vacancy in accordance with this Article shall be of the same Class of Director as the Director he or she replaced and the term of such appointment shall terminate in accordance with that Class of Director.
- 21.5 The Directors may, from time to time, and except as required by applicable law or the listing rules of the Designated Stock Exchange, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Directors on various corporate governance related matters, as the Directors shall determine by resolution from time to time.
- 21.6 A Director shall not be required to hold any shares in the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at general meetings of the Company and all classes of shares of the Company.

## **22 Directors' Fees and Expenses**

- 22.1 The Directors may receive such remuneration as the Directors may from time to time determine. The Directors may be entitled to be repaid all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Directors or committees of the Directors or general meetings or separate meetings of any class of securities of the Company or otherwise in connection with the discharge of his duties as a Director.
- 22.2 Any Director who performs services which in the opinion of the Directors go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Directors may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for, by or pursuant to any other Article.

## **23 Powers and Duties of Directors**

- 23.1 Subject to the provisions of the Statute, these Articles and to any resolutions made in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution made by the Company in a general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been made.
- 23.2 The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; provided that any committee so formed shall include amongst its members at least two Directors unless otherwise required by applicable law, rules and regulations and the rules of the Designated Stock Exchange; provided further that no committee shall have the power of authority to (a) recommend to the Members an amendment of these Articles (except that a committee may, to the extent authorised in the resolution or resolutions providing for the issuance of shares adopted by the Directors as provided under the laws of the Cayman Islands, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Company or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of shares of the Company); (b) adopt an agreement of merger or consolidation; (c) recommend to the Members the sale, lease or exchange of all or substantially all of the Company's property and assets; (d) recommend to the Members a dissolution of the Company or a revocation of a dissolution; (e) recommend to the Members an amendment of the Memorandum of Association of the Company; or (f) declare a dividend or authorise the issuance of shares unless the resolution establishing such committee (or the charter of such committee approved by the Directors) or the Memorandum of Association or these Articles so provide. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors. The Directors may also delegate to any Director holding any executive office such of their powers as they consider desirable to be exercised by him or her. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers, and may be revoked or altered.
- 23.3 The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.
- 23.4 The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
- 23.5 The Directors from time to time and at any time may establish any advisory committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such advisory committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any of the aforesaid.



- 23.6 The Directors from time to time and at any time may delegate to any such advisory committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
- 23.7 Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretions for the time being vested to them.
- 23.8 The Directors may elect, by the affirmative vote of a majority of the Directors then in office, a chairman. The chairman of the board of Directors may be a director or an officer of the Company. Subject to the provisions of these Articles and the direction of the Directors, the chairman of the board of Directors shall perform all duties and have all powers which are commonly incident to the position of chairman of a board or which are delegated to him or her by the Directors, preside at all general meetings and meetings of the Directors at which he or she is present and have such powers and perform such duties as the Directors may from time to time prescribe.

## **24 Disqualification of Directors**

Subject to these Articles, the office of Director shall be vacated, if the Director:

- (a) becomes bankrupt or makes any arrangement or composition with his creditors;
- (b) dies or is found to be or becomes of unsound mind;
- (c) resigns his office by notice in writing to the Company;
- (d) is prohibited by applicable law or the Designated Stock Exchange from being a director;
- (e) without special leave of absence from the Directors, is absent from meetings of the Directors for six consecutive months and the Directors resolve that his office be vacated; or
- (f) if he or she shall be removed from office pursuant to these Articles.

## **25 Proceedings of Directors**

- 25.1 Subject to these Articles, the Directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Such meetings may be held at any place within or outside the Cayman Islands that has been designated by the Directors. In the absence of such a designation, meetings of the Directors shall be held at the principal executive office of the Company. Questions arising at any meeting of the Directors shall be decided by the method set forth in Article 25.4.
- 25.2 The chairman of the board of Directors or the Secretary on request of a Director, may, at any time summon a meeting of the Directors by twenty-four (24) hour notice to each Director in person, by telephone, facsimile, electronic email, or in such other manner as the Directors may from time to time determine, which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors either at, before or after the meeting is held. Notice of a meeting need not be given to any Director (i) who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or (ii) who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Directors. All such waivers, consents, and approvals shall be filed with the corporate records or made part of the minutes of the meeting. A waiver of notice need not specify the purpose of any regular or special meeting of the Directors.
- 25.3 A Director or Directors may participate in any meeting of the Directors, or of any committee appointed by the Directors of which such Director or Directors are members, by means of telephone or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.

- 25.4 The quorum necessary for the transaction of the business of the Directors shall be a majority of the authorised number of Directors. If at any time there is only a sole Director, the quorum shall be one (1) Director. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Directors, subject to the provisions of these Articles and other applicable law. In the case of an equality of votes, the chairman shall not have an additional tie-breaking vote.
- 25.5 A meeting of the Directors may be held by means of telephone or teleconferencing or any other telecommunications facility provided that all participants are thereby able to communicate immediately by voice with all other participants.
- 25.6 Subject to these Articles, a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.
- 25.7 A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement. Any Director who enters into a contract or arrangement or has a relationship that is reasonably likely to be implicated under this Article 25.7 or that would reasonably be likely to affect a Director's status as an "Independent Director" under applicable law or the rules of the Designated Stock Exchange shall disclose the nature of his or her interest in any such contract or arrangement in which he is interested or any such relationship.
- 25.8 Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to reasonable expense reimbursement consistent with the Company's policies in connection with such Directors service in his official capacity; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
- 25.9 The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
- (a) all appointments of officers made by the Directors;
  - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
  - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
- 25.10 When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
- 25.11 A resolution signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. When signed, a resolution may consist of several documents each signed by one or more of the Directors.

- 25.12 The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.
- 25.13 A committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.
- 25.14 A committee appointed by the Directors may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall not have a second or casting vote.
- 25.15 Meetings and actions of committees of the Directors shall be governed by, and held and taken in accordance with, the provisions of Article 25.1 (place of meetings), Article 25.2 (notice), Article 25.3 (telephonic meetings), and Article 25.4 (quorum), with such changes in the context of these Articles as are necessary to substitute the committee and its members for the Directors; provided, however, that the time of regular meetings of committees may be determined either by resolution of the Directors or by resolution of the committee, that special meetings of committees may also be called by resolution of the Directors, and that notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Directors may adopt rules for the government of any committee not inconsistent with the provisions of these Articles.
- 25.16 All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

## **26 Presumption of Assent**

A Director of the Company who is present at a meeting of the Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent or abstention shall be entered in the Minutes of the meeting or unless he shall file his written dissent or abstention from such action with the person acting as the chairman or Secretary of the meeting before the adjournment thereof or shall forward such dissent or abstention by registered post to such person immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a Director who voted in favour of such action.

## **27 Dividends, Distributions and Reserve**

- 27.1 Subject to any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Directors may from time to time declare dividends (including interim dividends) and other distributions on shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor. All dividends unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Subject to any applicable unclaimed property or other laws, any dividend unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Directors of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.
- 27.2 The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors shall establish an account to be called the "Share Premium Account" and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. Unless otherwise provided by the provisions of these Articles, the Directors may apply the share premium account in any manner permitted by the Statute and the rules of the Designated Stock Exchange. The Company shall at all times comply with the provisions of these Articles, the Statute and the rules of the Designated Stock Exchange in relation to the share premium account.

- 27.3 Any dividend may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address or to such person and such address as the Member or person entitled, or such joint holders as the case may be, may direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to the order of such other person as the Member or person entitled, or such joint holders as the case may be, may direct. Notwithstanding the foregoing, dividends may also be paid electronically to the account of the Members or persons entitled thereto or in such other manner approved by the Directors.
- 27.4 The Directors when paying dividends to the Members in accordance with the foregoing provisions may make such payment either in cash or in specie.
- 27.5 No dividend shall be paid otherwise than out of profits or, subject to the restrictions of the Statute, the share premium account.
- 27.6 Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as fully paid on the shares, but if and so long as nothing is paid up on any of the shares in the Company dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the share.
- 27.7 If several persons are registered as joint holders of any share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.
- 27.8 No dividend shall bear interest against the Company.

## **28 Book of Accounts**

- 28.1 The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
- 28.2 The books of account shall be kept at such place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
- 28.3 Except as provided in Article 14.1, the Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors.
- 28.4 The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Directors or failing any determination as aforesaid shall not be audited.

## **29 Audit**

- 29.1 The Directors or, if authorised to do so, the audit committee of the Directors, may appoint an auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.
- 29.2 Every auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
- 29.3 Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any other time during their term of office, upon request of the Directors or any general meeting of the Members.

## **30 The Seal**

- 30.1 The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Directors, provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of any one or more persons as the Directors may appoint for the purpose and every person as aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.
- 30.2 The Company may maintain a facsimile of its Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such person or persons as the Directors shall for this purpose appoint and such person or persons as aforesaid shall sign every instrument to which the facsimile Seal of the Company is so affixed in their presence of and the instrument signed by a Director or the Secretary (or an Assistant Secretary) of the Company or in the presence of any one or more persons as the Directors may appoint for the purpose.
- 30.3 Notwithstanding the foregoing, a Director shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

## **31 Officers**

Subject to these Articles, the Directors may from time to time appoint any person, whether or not a director of the Company, to hold the office of the Chief Executive Officer, the President, the Chief Financial Officer, one or more Vice Presidents or such other officers as the Directors may think necessary for the administration of the Company, for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit.

## **32 Register of Directors and Officers**

The Company shall cause to be kept in one or more books at its office a Register of Directors and Officers in which there shall be entered the full names and addresses of the Directors and Officers and such other particulars as required by the Statute. The Company shall send to the Registrar of Companies in the Cayman Islands a copy of such register, and shall from time to time notify the said Registrar of any change that takes place in relation to such Directors and Officers as required by the Statute.

## **33 Capitalisation of Profits**

Subject to the Statute and these Articles, the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including a share premium account or a capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

## **34 Notices**

- 34.1 Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members or, to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the Member to the Company or by placing it on the Company's Website, provided that, (i) with respect to notification via electronic means, the Company has obtained the Member's prior express positive confirmation in writing to receive or otherwise have made available to him notices in such fashion, and (i) with respect to posting to Company's Website, notification of such posting is provided to such Member. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
- 34.2 An affidavit of the mailing or other means of giving any notice of any general meeting, executed by the Secretary, Assistant Secretary or any transfer agent of the Company giving the notice, shall be prima facie evidence of the giving of such notice.
- 34.3 Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
- 34.4 Any notice or other document, if served by (a) post, shall be deemed to have been served when the letter containing the same is posted, or (b) facsimile, shall be deemed to have been served upon confirmation of successful transmission, or (c) recognised courier service, shall be deemed to have been served when the letter containing the same is delivered to the courier service and in proving such service it shall be sufficient to provide that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier, or (d) electronic means as provided herein shall be deemed to have been served and delivered on the day on which it is successfully transmitted or at such later time as may be prescribed by any applicable laws or regulations.
- 34.5 Any notice or document delivered or sent to any Member in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
- 34.6 Notice of every general meeting shall be given to:
- (a) all Members who have supplied to the Company an address for the giving of notices to them, except that in case of joint holders, the notice shall be sufficient if given to the joint holder first named in the Register of Members; and
  - (b) each Director.
- 34.7 No other person shall be entitled to receive notices of general meetings.

## **35 Information**

- 35.1 No Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors would not be in the interests of the members of the Company to communicate to the public.
- 35.2 The Directors shall be entitled (but not required, except as provided by law) to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register of Members and transfer books of the Company.

## 36 Indemnity

- 36.1 The Company shall indemnify every Director and officer of the Company or any predecessor to the Company (which for the avoidance of doubt, shall not include auditors of the Company), together with every former Director and former officer of the Company or any predecessor to the Company, and may indemnify any person (other than current and former Directors and officers) (any such Director, officer or other person, an "**Indemnified Person**"), out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions in connection with the Company other than such liability (if any) that they may incur by reason of their own actual fraud or wilful default. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default of such Indemnified Person. No person shall be found to have committed actual fraud or wilful default under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect. Each Member agrees to waive any claim or right of action he or she might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company; provided that such waiver shall not extend to any matter in respect of any actual fraud or wilful default which may attach to such Director.
- 36.2 The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.
- 36.3 The Directors, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.
- 36.4 Neither any amendment nor repeal of these Articles set forth under this heading of "**Indemnity**" (the "**Indemnification Articles**"), nor the adoption of any provision of the Company's Articles or Memorandum of Association inconsistent with the Indemnification Articles, shall eliminate or reduce the effect of the Indemnification Articles, in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for these Indemnification Articles, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

## 37 Financial Year

Unless the Directors otherwise prescribe, the financial year of the Company shall end on the last Friday of December in each year and shall begin on the day following.

## 38 Winding Up

- 38.1 If the Company shall be wound up the liquidator shall apply the assets of the Company in satisfaction of creditors' claims in such manner and order as such liquidator thinks fit. Subject to the rights attaching to any shares, in a winding up:
- (a) if the assets available for distribution amongst the Members shall be insufficient to repay the whole of the Company's issued share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the shares held by them; or
  - (b) if the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the Company's issued share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the shares held by them at the commencement of the winding up subject to a deduction from those shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise.

38.2 If the Company shall be wound up the liquidator may, subject to the rights attaching to any shares and with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

### **39 Amendment of Memorandum and Articles of Association and Name of Company**

Subject to the provisions of the Statute and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:

- (a) change its name;
- (b) alter or add to these Articles;
- (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
- (d) reduce its share capital or any capital redemption reserve fund.

### **40 Registration by Way of Continuation**

Subject to these Articles, the Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

### **41 Mergers and Consolidations**

The Company shall, with the approval of a Special Resolution, have the power to merge or consolidate with one or more constituent companies (as defined in the Statute), upon such terms as the Directors may determine.



## Description of Securities of Ichor Holdings, Ltd.

*The following summary of certain provisions of the securities of Ichor Holdings, Ltd. (“Ichor,” “we,” “our” and “us”) does not purport to be complete and is subject to the Amended and Restated Memorandum and Articles of Association of Ichor filed as Exhibit 3.1 to our Annual Report on Form 10-K (the “articles of association”) and the provisions of applicable law, including certain laws of the Cayman Islands.*

### General

We have authorized share capital of 200,000,000 ordinary shares, each with a par value of \$0.0001, and 20,000,000 preferred shares, each with a par value of \$0.0001.

### Ordinary Shares

Holders of ordinary shares are entitled to cast one vote for each share on all matters submitted to a vote of shareholders, including the election of directors. The holders of ordinary shares are entitled to receive ratably such dividends, if any, as may be declared by our directors out of funds legally available therefore. We do not expect for the foreseeable future to pay dividends on our ordinary shares. Instead, we anticipate that all of our earnings, if any, in the foreseeable future will be used for working capital and other general corporate purposes. Any future determination to pay dividends will be at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements and contractual restrictions. Such holders do not have any preemptive or other rights to subscribe for additional shares. All holders of ordinary shares are entitled to share ratably in any assets for distribution to shareholders upon our liquidation, dissolution or winding up.

There are no conversion, redemption or sinking fund provisions applicable to the ordinary shares.

### Preferred Shares

Our board of directors is authorized, without any action by our shareholders, to designate and issue preferred shares in one or more series and to designate the powers, preferences and rights of each series, which may be greater than the rights of our ordinary shares. It is not possible to state the actual effect of the issuance of any shares of preferred shares upon the rights of holders of our ordinary shares until the board of directors determines the specific rights of the holders of such preferred shares. However, the effects might include, among other things:

- impairing dividend rights of our ordinary shares;
- diluting the voting power of our ordinary shares;
- impairing the liquidation rights of our ordinary shares; and
- delaying or preventing a change of control of us without further action by our shareholders.

No preferred shares are issued and outstanding, and we have no present plan to issue any of our preferred shares.

### Limitations on the Right to Own or Vote Shares

As a Cayman Islands exempted company, we may not hold our own shares as a shareholder, save for shares that are redeemed or repurchased by us or surrendered by a shareholder and held as treasury shares. We may not exercise any voting or other rights in respect of treasury shares nor may any dividend be declared or paid or other distribution be made in respect of treasury shares. However, bonus shares may be issued in respect of treasury shares although they will, in turn, be treated as treasury shares.

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### **Limitations on Transfer of Shares**

Our articles of association give our directors, at their discretion, the right to decline to register any transfers of shares including shares that are not fully paid-up shares.

### **Disclosure of Shareholder Ownership**

There are no provisions in our amended and restated memorandum of association or articles of association governing the ownership threshold above which shareholder ownership must be disclosed by any shareholder.

### **Changes in Share Capital**

We may, from time to time, by ordinary resolution passed by a majority of the votes cast by shareholders present at a shareholder meeting entitled to vote on such resolution, or passed by a unanimous written consent of our shareholders, increase our authorized share capital by such sum, to be allocated among shares of such par value, as the resolution shall prescribe. The new shares shall be subject to the same provisions with reference to the payment of calls, liens, transfers, transmissions, forfeitures and otherwise as the shares in the original share capital. We may by ordinary resolution passed at a shareholder meeting by a majority of the votes cast by shareholders present at such meeting and entitled to vote on such resolution, or passed by a unanimous written consent of our shareholders:

- consolidate our share capital into shares of larger par value than our existing shares;
- sub-divide our share capital into shares of smaller par value;
- divide our shares into multiple classes; and
- cancel any shares which, at the date of the passing of the resolution, have not been issued and diminish the amount of the shares so cancelled.

We may by special resolution passed by at least two-thirds of the votes cast by shareholders present at a shareholder meeting and entitled to vote on such resolution, or passed by a unanimous written consent of our shareholders, reduce our share capital to the extent not representing shares in issue or following court application and consent, reduce our share capital in relation to shares in issue or any capital redemption reserve fund maintained in accordance with the Cayman Islands Companies Law (2021 Revision) (the “Cayman Islands Companies Law”).

### **Amendments**

Our articles of association provide that our articles of association may only be amended at a shareholder meeting upon approval by two-thirds of the votes cast by our shareholders.

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## Material Differences in Corporate Law

The Cayman Islands Companies Law is modeled after the corporate legislation of the United Kingdom but does not follow recent United Kingdom statutory enactments, and differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the State of Delaware and their shareholders.

	<u>Delaware</u>	<u>Cayman Islands</u>
<i>Title of Organizational Documents</i>	Certificate of Incorporation  Bylaws	Memorandum of Association  Articles of Association
<i>Duties of Directors</i>	<p>Under Delaware law, the business and affairs of a corporation are managed by or under the direction of its board of directors. In exercising their powers, directors are charged with a fiduciary duty of care to protect the interests of the corporation and a fiduciary duty of loyalty to act in the best interests of its shareholders. The duty of care requires that directors act in an informed and deliberative manner and inform themselves, prior to making a business decision, of all material information reasonably available to them. The duty of care also requires that directors exercise care in overseeing and investigating the conduct of the corporation's employees. The duty of loyalty may be summarized as the duty to act in good faith, not out of self-interest, and in a manner which the director reasonably believes to be in the best interests of the shareholders.</p>	<p>As a matter of Cayman Islands law, directors of Cayman Islands companies owe fiduciary duties to the their respective companies to, amongs other things, act in good faith in their dealings with or on behalf of the company and exercise their powers and fulfill the duties of their office honestly. This duty has four essential elements:</p> <ul style="list-style-type: none"><li>•a duty to act in good faith in what the directors bona fide consider to be the best interests of the company (and in this regard, it should be noted that the duty is owed to the company and not to associate companies, subsidiaries or holding companies);</li><li>•a duty not to personally profit from opportunities that arise from the office of director;</li><li>•a duty to avoid conflicts of interest; and</li><li>•a duty to exercise powers for the purpose for which such powers were conferred.</li></ul> <p>A director of a Cayman Islands exempted company also owes the company a duty to act with skill, care and diligence. A director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience.</p>

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**Delaware****Cayman Islands***Limitations on Personal Liability of Directors*

Subject to the limitations described below, a The Cayman Islands Companies Law has certificate of incorporation may provide for no equivalent provision to Delaware law the elimination or limitation of the personal regarding the limitation of director's liability of a director to the corporation or liability. However, as a matter of public its shareholders for monetary damages for a policy, Cayman Islands law will not allow breach of fiduciary duty as a director. the limitation of a director's liability to the extent that the liability is a consequence of

Such provision cannot limit liability for the director committing a crime or of the breach of loyalty, bad faith, intentional director's own actual fraud, dishonesty or misconduct, unlawful payment of dividends willful default.

or unlawful share purchase or redemption. In addition, the certificate of incorporation cannot limit liability for any act or omission occurring prior to the date when such provision becomes effective.

*Indemnification of Directors, Officers, Agents, and Others*

A corporation has the power to indemnify Cayman Islands law does not limit the any director, officer, employee, or agent of extent to which a company's articles of corporation who was, is, or is threatened to association may provide for indemnification be made a party who acted in good faith and of directors and officers, except to the extent any such provision may be held by in a manner he believed to be in the best the Cayman Islands courts to be contrary to interests of the corporation, and if with public policy, such as to provide respect to a criminal proceeding, had no indemnification against the consequences of reasonable cause to believe his conduct committing a crime, or against the would be unlawful, against amounts indemnified person's own actual fraud, actually and reasonably incurred. dishonesty or willful default.

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**Delaware****Cayman Islands***Interested Directors*

Under Delaware law, subject to provisions in the certificate of incorporation, a transaction in which a director who has an interest in such transaction would not be voidable if (i) the material facts as to such interested director's relationship or interests are disclosed or are known to the board of directors and the board in good faith authorizes the transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum, (ii) such material facts are disclosed or are known to the shareholders entitled to vote on such transaction and the transaction is specifically approved in good faith by vote of the shareholders, or (iii) the transaction is fair as to the corporation as of the time it is authorized, approved or ratified. Under Delaware law, a director could be held liable for any transaction in which such director derived an improper personal benefit.

Our articles of association contain provisions that permit a director to vote on a transaction in which he or she is interested provided he or she discloses such interest to the board of directors prior to the vote.

*Voting Requirements*

The certificate of incorporation may include a provision requiring supermajority approval by the directors or shareholders for any corporate action.

In addition, under Delaware law, certain business combinations involving interested shareholders require approval by a supermajority of the non-interested shareholders.

For the protection of shareholders, certain matters must be approved by special resolution of the shareholders, including alteration of the memorandum or articles of association, appointment of inspectors to examine company affairs, reduction of share capital (subject, in relevant circumstances, to court approval), change of name, authorization of a plan of merger or transfer by way of continuation to another jurisdiction or consolidation or voluntary winding up the company.

The Cayman Islands Companies Law requires that a special resolution be passed by a super majority of two-thirds or such higher percentage as set forth in the articles of association, of shareholders being entitled to vote and do vote in person or by proxy at a general meeting or by way of unanimous written consent.

	<b>Delaware</b>	<b>Cayman Islands</b>
<i>Voting for Directors</i>	Under Delaware law, unless otherwise specified in the certificate of incorporation or bylaws of the corporation, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.	The Cayman Islands Companies Law defines “special resolutions” only. A company’s articles of association can therefore tailor the definition of “ordinary resolution” as a whole, or with respect to specific provisions. Our articles of association provide that with respect to the election of directors, an ordinary resolution shall be passed by a majority of the votes cast by such members as being entitled to vote in person or by proxy or by way of unanimous written consent.
<i>Cumulative Voting</i>	No cumulative voting for the election of directors unless so provided in the certificate of incorporation.	No cumulative voting for the election of directors unless so provided in the articles of association.
<i>Directors’ Powers Regarding Bylaws</i>	The certificate of incorporation may grant the directors the power to adopt, amend or repeal bylaws.	The memorandum and articles of association may only be amended by a special resolution of the shareholders.
<i>Nomination and Removal of Directors and Filing Vacancies on Board</i>	Shareholders may generally nominate directors if they comply with advance notice provisions and other procedural requirements in company bylaws. Holders of a majority of the shares may remove a director with or without cause, except in certain cases involving a classified board or if the company uses cumulative voting. Unless otherwise provided for in the certificate of incorporation, directorship vacancies are filled by a majority of the directors elected or then in office.	Nomination and removal of directors and filling of board vacancies are governed by the terms of the articles of association. Our articles of association provide that only shareholders that hold more than 15% of our outstanding ordinary shares (unless the Exchange Act and proxy rules provide otherwise) and comply with our advance notice provisions may nominate directors. Our articles of association also provide that shareholders may only remove directors for cause and with a special resolution of two-thirds of our outstanding ordinary shares. Under our articles of association, vacancies on the board are generally filled by the vote of a majority of the directors elected or then in office.
<i>Mergers and Similar Arrangements</i>	Under Delaware law, with certain exceptions, a merger, consolidation, exchange or sale of all or substantially all the assets of a corporation must be approved by the board of directors and a majority of the outstanding shares entitled to vote thereon. Under Delaware law, a shareholder of a corporation participating in certain major corporate transactions may, under certain circumstances, be entitled to appraisal rights pursuant to which such shareholder may receive cash in the amount of the fair value of the shares held by such shareholder (as determined by a court) in lieu of the consideration such shareholder would otherwise receive in the transaction.  Delaware law also provides that a parent corporation, by resolution of its board of directors, may merge with any subsidiary, of which it owns at least 90% of each class of capital stock without a vote by shareholders of such subsidiary. Upon any such merger, dissenting shareholders of the subsidiary would have appraisal rights.	The Cayman Islands Companies Law provides for mergers and consolidations where two or more companies are being formed into a single entity. The legislation makes a distinction between a “consolidation” and a “merger”. In a consolidation, a new company is incorporated from the combination of each participating company, and the separate consolidating parties, as a consequence, cease to exist and are each stricken by the Registrar of Companies. In a merger, one company remains as the surviving company, having in effect absorbed the other merging parties that are then stricken and cease to exist.  Two or more Cayman-registered companies may merge or consolidate. Cayman-registered companies may also merge or consolidate with foreign companies provided that the laws of the foreign jurisdiction permit such merger or consolidation.  Under Cayman Islands Companies Law, a plan of merger or consolidation shall be authorized by each constituent company by way of (i) a special resolution of the

members of each such constituent company; and (ii) such other authorization, if any, as may be specified in such constituent company's articles of association.

Shareholder approval is not required where a parent company registered in the Cayman Islands seeks to merge with one or more of its subsidiaries registered in the Cayman Islands and a copy of the plan of merger is given to every member of each subsidiary company to be merged unless that member agrees otherwise.

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the director of the Cayman Islands exempted company is required to make a declaration to the effect that, having made due enquiry, he is of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the director of the Cayman Islands exempted company is further required to make a declaration to the effect that, having made due enquiry, he is of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or

consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

Secured creditors must consent to the merger although application can be made to the Grand Court of the Cayman Islands to proceed if such secured creditor does not grant its consent to the merger. Where a foreign company wishes to merge with a Cayman company, consent or approval to the transfer of any security interest granted by the foreign company to the resulting Cayman entity in the transaction is required, unless otherwise released or waived by the secured party. If the merger plan is approved, it is then filed with the Cayman Islands General Registry along with a declaration by a director of each company. The Registrar of Companies will then issue a certificate of merger which shall be prima facie evidence of compliance with all requirements of the Companies Law in respect of the merger or consolidation.

The surviving entity remains active while the other company or companies are automatically dissolved. Where the above procedures are adopted, the Companies Law provides for a right of dissenting shareholders to be paid a payment of the fair value of his shares upon their dissenting to the merger or consolidation if they follow a prescribed procedure. In essence, that procedure is as follows (a) the shareholder must give his written objection to the merger or consolidation to the constituent company before the vote on the merger or consolidation, including a statement that the shareholder proposes to demand payment for his shares if the merger or consolidation is authorized by the vote; (b) within 20 days following the date on which the merger or consolidation is approved by the shareholders, the constituent company must give written notice to each shareholder who made a written objection; (c) a shareholder must within 20 days following receipt of such notice from the constituent company, give the constituent company a written notice of his intention to dissent including, among other details, a demand for payment of the fair value of his shares; (d) within seven days following the date of the expiration of the period set out in paragraph (b) above or seven days following the date on which the plan of merger or consolidation is filed, whichever is later, the constituent company, the surviving company or the consolidated company must make a written offer to each dissenting shareholder to purchase his shares at a price that the company determines is the fair value and if the company and the shareholder agree the price within 30 days following the date on which the offer was made, the company must pay the



shareholder such amount; (e) if the company and the shareholder fail to agree a price within such 30 day period, within 20 days following the date on which such 30 day period expires, the company (and any dissenting shareholder) must file a petition with the Cayman Islands Grand Court to determine the fair value and such petition must be accompanied by a list of the names and addresses of the dissenting shareholders with whom agreements as to the fair value of their shares have not been reached by the company. At the hearing of that petition, the court has the power to determine the fair value of the shares together with a fair rate of interest, if any, to be paid by the company upon the amount determined to be the fair value.

Any dissenting shareholder whose name appears on the list filed by the company may participate fully in all proceedings until the determination of fair value is reached. These rights of a dissenting shareholder are not be available in certain circumstances, for example, to dissenters holding shares of any class in respect of which an open market exists on a recognized stock exchange or recognized interdealer quotation system at the relevant date or where the consideration for such shares to be contributed are shares of any company listed on a national securities exchange or shares of the surviving or consolidated company.

Cayman companies may also be restructured or amalgamated under supervision of the Grand Court of the Cayman Islands by way of a "scheme of arrangement". This option is not used with any frequency because a business transaction can be achieved through other means, such as a share capital exchange, merger (as described above), asset acquisition or control, through contractual arrangements, of an operating business. In the event that a business transaction is sought pursuant to a scheme of arrangement it would require the approval of a majority, in number, of each class of shareholders and creditors with whom the arrangement is to be made and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meeting summoned for that purpose.

The convening of the meetings and subsequently the terms of the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the Court the view that the transaction ought not be approved, the Court can be expected to approve the arrangement if it satisfies itself that:

- the company is not proposing to act

illegally or beyond the scope of its authority and the statutory provisions as to majority vote have been complied with;

- the shareholders and creditors (as applicable) have been fairly represented at the meeting in question; and
- the arrangement is such as a businessman would reasonably approve; and the arrangement is not one that would more properly be sanctioned under some other provision of the Cayman Islands Companies Law or that would amount to a “fraud on the minority” (a legal concept, different than “fraud” in the sense of dishonesty).

When a takeover offer is made and accepted by holders of 90% of the shares to whom the offer is made within four months, the offeror may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection may be made to the Grand Court of the Cayman Islands but is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction are thus approved, any dissenting shareholders would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

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**Delaware**

Class actions and derivative actions generally are available to shareholders under Delaware law for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court generally has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.

**Cayman Islands**

The rights of shareholders under Cayman Islands law are not as extensive as those under Delaware law. Class actions are generally not available to shareholders under Cayman Islands laws and Maples and Calder, our Cayman Islands counsel, is not aware of a significant number of such reported actions having been brought in Cayman Islands courts. Derivative actions have been brought in the Cayman Islands courts and the Cayman Islands courts have confirmed the availability for such actions. In principle, we will normally be the proper plaintiff in any claim based on a breach of duty owed to us and a derivative action may not be brought by a minority shareholder. However, the Cayman Islands courts would ordinarily be expected to follow English case law precedent, which would permit a shareholder to commence an action in the company's name to remedy a wrong done to it where the act complained of is alleged to be beyond the company's corporate power or is illegal or would result in the violation of its memorandum of association or articles of association or where the individual rights of the plaintiff shareholder have been infringed or are about to be infringed. Furthermore, consideration would be given by the court to acts that are alleged to constitute a "fraud on the minority" or where an act requires the approval of a greater percentage of shareholders than actually approved it. The winning party in such an action generally would be able to recover a portion of attorney's fees incurred in connection with such action.

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**Delaware****Cayman Islands***Inspection of Corporate Records*

Under Delaware law, shareholders of a Delaware corporation have the right during normal business hours to inspect for any proper purpose, and to obtain copies of list(s) of shareholders and other books and records of the corporation and its subsidiaries, if any, to the extent the books and records of such subsidiaries are available to the corporation.

Shareholders of a Cayman Islands exempted company have no general right under Cayman Islands law to inspect or obtain copies of a list of shareholders or other corporate records of the company. However, these rights may be provided in the company's articles of association. Under our articles of association, shareholders will not have any rights to inspect or obtain copies of shareholder lists or other corporate records, provided that a list of shareholders will be made available at our principal executive office or other specified location for ten business days prior to each general meeting of shareholders.

*Shareholder Proposals*

Unless provided in the corporation's certificate of incorporation or bylaws, Delaware law does not include a provision restricting the manner in which shareholders may bring business before a meeting.

The Cayman Islands Companies Law does not provide shareholders any right to bring business before a meeting or requisition a general meeting. However, these rights may be provided in the company's articles of association. Our articles of association provide that only shareholders that comply with our advance notice provisions may submit proposals to be brought before a meeting.

*Approval of Corporate Matters by Written Consent*

Delaware law permits shareholders to take action by written consent signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting of shareholders.

The Cayman Islands Companies Law allows a special resolution to be passed in writing if signed by all the shareholders and authorized by the articles of association.

Our articles of association authorize such written consents, but we believe that the unanimity requirement has made this option impractical since the consummation of our initial public offering.

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**Delaware****Cayman Islands**

*Calling of Special  
Shareholders*

Delaware law permits the board of directors or any person who is authorized under a corporation's certificate of incorporation or bylaws to call a special meeting of shareholders.

The Cayman Islands Companies Law does not have provisions governing the proceedings of shareholders meetings which are usually provided in the articles of association.

*Meeting*

Our articles of association allow only a majority of our directors or the chairman of our board of directors to call extraordinary general meetings.

**Transfer Agent and Registrar**

The transfer agent and registrar for our ordinary shares is Broadridge Corporate Issuer Solutions, Inc. Its address is 1717 Arch Street, Suite 1300, Philadelphia, PA 19103.

**Listing**

Our ordinary shares are listed on the NASDAQ Global Select Market under the symbol "ICHR."

Name of Subsidiary	Jurisdiction of Incorporation, Organization, or Formation
Ichor Intermediate Holdings, Ltd.	Cayman Islands
Icicle Acquisition Holding Co-op	Netherlands
Icicle Acquisition Holding B.V.	Netherlands
Ichor Holdings Ltd.	Scotland
Ichor Systems Ltd.	Scotland
Ichor Holdings, LLC	Delaware
Ichor Systems, Inc.	Delaware
IMG Companies, LLC	Delaware
IMG, LLC	Delaware
IMG Altair, LLC	Delaware
IMG INTA, LLC	Delaware
IMG Larkin, LLC	Delaware
Applied Fusion, LLC	Delaware
Ichor Systems Korea Ltd.	Korea
Ichor Systems Malaysia Sdn Bhd	Malaysia
Ichor Systems Singapore, PTE Ltd.	Singapore

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (No. 333-215984 and No. 333-219846) on Form S-8 and (No. 333-240294) on Form S-3 of our reports dated February 24, 2023, with respect to the consolidated financial statements of Ichor Holdings, Ltd. and subsidiaries and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Portland, Oregon

February 24, 2023









**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Ichor Holdings, Ltd. (the "Company") on Form 10-K for the period ending December 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, to my knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 24, 2023

By: \_\_\_\_\_  
/s/ Larry J. Sparks  
Larry J. Sparks  
Chief Financial Officer