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DELTA REPORT

10-K

FORM - FORMFACTOR INC
10-K - DECEMBER 28, 2024 COMPARED TO 10-K - DECEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	5473
CHANGES	276
DELETIONS	527
ADDITIONS	4670

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, 2023** **December 28, 2024**

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: 000-50307

FormFactor, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

7005 Southfront Road, Livermore, California

(Address of principal executive offices)

13-3711155

(I.R.S. Employer
Identification No.)

94551

(Zip Code)

(925) 290-4000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.001 par value	FORM	Nasdaq Global Select Market

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

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

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

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

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

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

Aggregate market value of registrant's common stock held by non-affiliates of the registrant, based upon the closing price of a share of the registrant's common stock on **July 1, 2023** **June 29, 2024** (the last business day of the registrant's most recently completed second quarter) as reported by Nasdaq Global **Select** Market on that date: **\$1.891.7 million** **\$3,338.4 million**.

The number of shares of the registrant's common stock, par value \$0.001 per share, outstanding as of **February 16, 2024** **February 14, 2025** was **77,598,433** **77,565,827** shares.

DOCUMENTS INCORPORATED BY REFERENCE

FORMFACTOR, INC.
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Throughout this Annual Report on Form 10-K, we refer to FormFactor, Inc. and its consolidated subsidiaries as “the Company,” “FormFactor,” “we,” “us,” and “our.” Our fiscal year ends on the last Saturday in December. Our last three fiscal years ended on December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Securities Exchange Act of 1934 and the Securities Act of 1933, which are subject to known and unknown risks and uncertainties. The forward-looking statements include statements concerning, among other things, our business strategy (including the influence of anticipated trends and developments in our business and the markets in which we operate), financial results, operating results, revenues, gross margins, liquidity, operating expenses, products, projected costs and capital expenditures, research and development programs, sales and marketing initiatives, competition, and the impact of accounting

standards. In some cases, you can identify these statements by our use of forward-looking words, such as “may,” “might,” “will,” “could,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend” and “continue,” the negative or plural of these words and other comparable terminology. Forward-looking statements are based on information available to us as of the filing date of this Annual Report on Form 10-K and our current expectations about future events, which are inherently subject to change and involve known and unknown risks and uncertainties. You should not place undue reliance on these forward-looking statements. We have no obligation to update any of these statements, and we assume no obligation to do so. Actual events or results may differ materially from those expressed or implied by these statements due to various factors, including but not limited to the matters discussed below in the section entitled “Item 1A: Risk Factors,” and elsewhere in this Annual Report on Form 10-K.

Our operating results have fluctuated in the past and are likely to continue to fluctuate. You should not rely on period-to-period comparisons of our financial results as indicators of our future performance. Some of the important factors that could cause our revenues, operating results and outlook to fluctuate from period to period include:

- customer demand for and adoption of our products;
- market and competitive conditions in our industry, the semiconductor industry and the economy as a whole;
- the timing and success of new technologies and product introductions by our competitors and by us;
- our ability to work efficiently with our customers on their qualification of our new technologies and products;
- our ability to deliver reliable, cost-effective products that meet our customers’ testing requirements in a timely manner;
- our ability to transition to new product architectures to solve next-generation semiconductor test and measurement challenges, and to bring new products into volume production on time and at acceptable yields and cost;
- our ability to implement measures for enabling efficiencies and supporting growth in our design, applications, manufacturing and other operational activities;
- changes in trade, tariff or export regulations in the markets where we produce or sell our products;
- the reduction, rescheduling or cancellation of orders by our customers;
- our ability to collect accounts receivable owed by our customers;
- our product and customer sales mix and geographical sales mix;
- reductions in the prices or the profitability of our products due to competitive pressures or other factors;
- the timely availability or the cost of labor, components and materials utilized in our products;
- our ability to efficiently optimize manufacturing capacity and production yields as necessary to meet customer demand and ramp variable production volumes at our manufacturing facilities;
- our ability to protect our intellectual property against infringement and continue our investment in research and development and design activities;
- the timing of and return on our investments in research and development;
- any disruption in the operation of our manufacturing facilities;
- risks to the Company’s realization of benefits from acquisitions and investments in capacity and data systems; and
- factors impacting political and global economic stability, including natural disasters, pandemics, military conflicts, climate change, and other factors acting alone or in combination.

PART I

Item 1: Business

General

FormFactor, Inc. is a leading provider of essential electrical and optical test and measurement technologies along the full semiconductor product lifecycle - from characterization, modeling, reliability, and design de-bug, to qualification and production test. We provide a broad range of high-performance probe cards, analytical probes, probe stations, metrology systems, thermal systems, and cryogenic systems to both semiconductor companies and scientific institutions. Our products provide electrical and optical information from a variety of semiconductor and electro-optical devices and integrated circuits from early research, through development, to high-volume production. Customers use our products and services to accelerate profitability by optimizing device performance, reducing scrap, and improving yields.

Founded in 1993, we introduced our first product in 1995. From time to time, we have acquired businesses to help transform our business into a semiconductor test and measurement market leader with greater scale, diversification, breadth and market opportunities from Lab to Fab. We continue to evaluate opportunities to acquire businesses and technologies to further these goals.

As of December 30, 2023 December 28, 2024, we operate in two reportable segments consisting of the Probe Cards segment and the Systems segment. Sales of our probe cards and analytical probes are included in the Probe Cards segment, while sales of our probe stations, metrology systems, thermal systems and cryogenic systems are included in the Systems segment.

Products

We design, manufacture and sell multiple product lines, including probe cards, analytical probes, probe stations, metrology systems, thermal systems, cryogenic systems, and related services. On November 1, 2023, we completed the sale of our FRT Metrology business.

Probe Cards. Our probe cards utilize a variety of technologies and product architectures, including micro-electromechanical systems (MEMS) technologies. We use advanced design and automation technologies to enable rapid and cost-effective manufacturing of resilient composite contact elements with characteristic length scales of a few microns. These contact elements are designed to provide a specific range of forces on and across a chip’s bond pad, solder bump, micro-bump, through-silicon-via (TSV), or copper pillar, during the test process, and maintain their shape and position over a range of compression levels. In addition, while maintaining these mechanical characteristics, the contact elements must achieve reliable and high-fidelity electrical contact through wafer surfaces that are generally oxidized or otherwise contaminated, and must maintain these attributes over hundreds of thousands, and even millions, of compression cycles. Our range of capabilities enable us to rapidly produce customer-design specific probe cards that deliver leading precision, quality, reliability, and electro-mechanical performance.

Our probe cards are customized for our customers' unique wafer and chip designs by modifying and adapting our standard product architectures to meet an individual customer's specific wafer and chip layouts and electrical test requirements. We offer probe cards to test a variety of semiconductor device types, including systems on a chip (SoCs), mobile application processors, microprocessors, quantum processors, microcontrollers, graphic processors, network and digital signal processing integrated circuits (ICs), radio frequency amplifiers, filters and antenna in package devices, analog, mixed signal, image sensors, electro-optical, DRAM memory (including high-bandwidth memory, or "HBM"), NAND flash memory, NOR flash memory, and quantum computer processor devices.

For many advanced applications, our products must maintain tens of thousands of simultaneous high-fidelity low-impedance electrical contacts with the corresponding chip contacts on the wafer. Our present technologies enable probe cards with over 100,000 150,000 contact elements with spacings as small as 40 microns over geometries as large as an entire 300mm wafer. In addition, for high signal-fidelity devices such as wireless radio frequency transceivers and automotive radar chips, our probe card technologies are capable of testing at millimeter-wave frequencies range, currently up to 81 GHz.

We have invested, and intend to continue to invest, considerable resources in proprietary probe card design tools and processes. These tools and processes are intended to enable the rapid and accurate customization of products required to meet customer requirements, including automated routing and trace length adjustment within our probe cards, to rapidly design complex structures.

In addition, some of our customers test certain chips over a large range of operating temperatures, such as for automotive and cryogenic applications. We design probe cards to provide for a precise match with the thermal expansion characteristics of the wafer under test across the range of test operating temperatures. For many of our products, our customers can use the same probe card for both low and high temperature testing. We also design probe cards for customers that require extreme positional accuracy at a specific temperature.

Through ongoing investments in both our technology and operations, we continue to innovate and improve so that our products will meet customers' future technical roadmap performance, quality, and commercial requirements. We also focus on leveraging these ongoing investments across all advanced probe card markets to realize synergies and economies of scale to benefit our competitiveness, time-to-market and overall profitability.

Analytical Probes. We offer over 50 different analytical probe models for engineering and production testing. Analytical probes are used for a diverse set of applications, including device characterization, electrical simulation model development, failure analysis, and prototype design debugging. Our customers for analytical probes include universities, research institutions, semiconductor integrated device manufacturers, semiconductor foundries, and fabless semiconductor companies. We continue to add new models of analytical probes that address measurements with higher complexities and at higher frequencies.

Probe Stations. Probe stations, also referred to as probe systems, are a critical tool for the development of new generations of semiconductor and electro-optical processes and designs. Probe stations are highly configurable for the required measurements, the size and type of wafer under test, the characteristics of the device design to be tested, and the temperatures at which testing is to be performed. Process development and design complexities have continually increased with each new generation of semiconductor technology to accommodate smaller design geometries, complex 3-D architectures, new materials and more layers. Probe systems are a fundamental tool for characterizing and verifying electrical performance and reliability to enable new semiconductor technologies. We design our probe systems for semiconductor design development engineers to capture and analyze more accurate data in a shorter amount of time and to be able to control and manage testing at temperatures from near absolute zero to hundreds of degrees centigrade.

We build upon our probe stations to create integrated measurement systems that provide complete solutions for our customers' complex measurement requirements. These systems include test instrumentation, probe, cabling configurations, and software to enable fast, accurate, on-wafer data collection for complex application and measurement needs. We offer pre-configured and customized measurement systems for production testing, power device characterization, vacuum probing, cryogenic probing, high-pressure probing, photonics testing, and a variety of other specific applications.

Metrology Systems. Until the sale of FRT in November 2023, we offered surface metrology systems for various applications including the development, production and quality control of semiconductor products. With resolution down to nanometer scales, these systems measured topography, structure, step height, roughness, wear, thickness variation, film thickness and other parameters. The modular architecture of the systems allowed for the sensor configuration to be customized for the application while leveraging a common platform. These systems integrated hybrid metrology capabilities and proprietary software to enable non-destructive and rapid measurement of multiple features and parameters simultaneously, which had multiple applications but is particularly useful. We are in the growing space early stages of advanced packaging, Silicon Carbide (SiC) collaborating with certain customers to transition from the lab to the fab with co-packaged optics, which is poised to revolutionize chip-to-chip communication in the data center by significantly reducing power Silicon Photonics consumption at high data rates. As silicon photonics matures and MEMS applications moves to high-volume-production in the coming years, we expect that our leadership positions in combined electrical and optical test will provide new growth.

Thermal Subsystems. Our thermal subsystems include thermal chucks and other test systems used in probe stations and other applications where precise temperature management is required. Thermal chuck systems enable the testing of devices at precise temperatures or across a range of temperatures. These systems are both marketed externally and allow for vertical integration with our probe stations.

Cryogenic Systems. Our cryogenic systems include the manufacture of precision cryogenic instruments and semiconductor test and measurement systems. These include advanced cryogenic probe systems to test complete wafers or singulated die, as well as Dilution Refrigerator (DR) and Adiabatic Demagnetization Refrigerator (ADR) dilution refrigerator cryostats used in various applications at temperatures close to absolute zero, including quantum and superconducting computing applications, astronomy, and other situations where cryogenic temperature management is required. These systems are marketed externally and also allow for vertical integration with our existing cryogenic wafer and chip probe stations and cryogenic probes.

Services and Support. In addition to routine installation services at the time of sale, we offer services to enable our customers to maintain and more effectively utilize our products and to enhance our customer relationships. Our applications engineers assist our customers in test methodologies to make advanced measurements during process and product development, and during mass production, along with offering traditional maintenance services.

Customers

Our customers include companies, universities and institutions that design or make semiconductor and semiconductor related products in the foundry & logic, DRAM, flash, display, sensor and quantum computer markets. Our customers use our products to test nearly all semiconductor device types, including SoCs, mobile application processors, microprocessors, quantum processors, microcontrollers, graphic processors, network and digital signal processing integrated circuits (ICs), radio frequency amplifiers, filters and antenna in package devices, analog, mixed signal, image sensors, electro-optical, DRAM memory (including HBM), NAND flash memory, NOR flash memory, and quantum computer processor devices.

Fabless semiconductor suppliers do not manufacture their own semiconductors, but they purchase our analytical probes, probe stations, and other System segment products for research and development, and device characterization. They also purchase, or direct their foundries or wafer test facilities to purchase, our probe cards to test wafers manufactured for them.

We believe our customers consider timely service and support to be an important aspect of our relationship as our products are critical elements of high-volume manufacturing and design-specific product ramps. Our probe stations are installed at customer sites either by us, our manufacturers' representatives or our distributors, depending on the complexity of the installation and the customer's geographic location. We assist our customers in the selection, integration and use of our products through application engineering support. We also provide worldwide on-site probe card maintenance and service training, seminars and telephone support. In certain geographic regions, and for selected products, our manufacturers' representatives and distributors provide additional service and support.

Information concerning revenue concentration by customer appears under Note 2 of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K. The following customers represented 10% or more of our quarterly revenues for the quarters indicated:

	Fiscal Quarters Ended					Fiscal Quarters Ended		
	Dec. 30, 2023	Sep. 30, 2023	Jul. 1, 2023	Apr. 1, 2023	Dec. 31, 2022	Sep. 24, 2022	Jun. 25, 2022	Mar. 26, 2022
	Dec. 28, 2024	Sep. 28, 2024	Jun. 29, 2024	Mar. 30, 2024	Dec. 30, 2023	Sep. 30, 2023	Jul. 1, 2023	Apr. 1, 2023
SK hynix Inc.	22.0 %	18.1 %	19.5 %	15.5 %	10.7 %		*	
Intel Corporation	16.7 %	17.1 %	14.2 %	20.0 %	16.5 %	17.0 %	20.9 %	20.8 %
SK hynix Inc.	10.7 %			*	10.7 %		*	
Samsung Electronics Co., LTD.	*	11.2 %						
Taiwan Semiconductor Manufacturing Co., LTD.	*				*	10.7 %		
	27.4							
	27.4							
	27.4 %	28.3 %	14.2 %	20.0 %	16.5 %	27.7 %	20.9 %	31.5 %
	22.0							
	22.0							
	22.0 %	35.2 %	36.2 %	43.6 %	27.4 %	28.3 %	14.2 %	20.0 %

* Less than 10% of revenues.

Manufacturing

Our probe cards are designed for each of our customers' unique designs, chip design, by modifying and adapting our product architectures to meet an individual customer's chip layout and test requirements. Our proprietary The manufacturing processes for our probe cards include process includes a complex interconnection system-level design process; a front-end process, which may include wire bonding, photolithography, plating and metallurgical processes, dry and electro-deposition, and pick and place assembly; and a back-end process, which includes general assembly and test. Critical steps in our manufacturing process are performed in a variety of clean room environments as stringent as a Class 100, depending on the requirements of the specific manufacturing processes.

Our probe stations are designed to provide highly accurate electrical and optical measurements enabled by precise and reliable mechanical components and assemblies. We prototype and perform robust testing of our product designs and components to ensure high electrical signal integrity, mechanical accuracy and safety. We also monitor our product quality throughout the various stages of our manufacturing processes using a variety of process control methods and tests.

We depend on suppliers for materials and some critical components of our manufacturing processes, including ceramic and organic substrates and complex printed circuit boards. We also rely on suppliers to provide certain contact elements and interconnects that are incorporated into our products. Some of these components and materials are supplied by a single vendor, and some are subject to certain minimum order quantities. Generally, we rely on purchase orders rather than long-term contracts with our suppliers, which subjects us

to risks, including price increases, manufacturing capacity constraints and component shortages. We regularly assess and evaluate alternative sources of supply for all components and materials.

Our primary manufacturing facilities are located in Livermore, Carlsbad, and Baldwin Park, California; Beaverton, Oregon; Boulder, Colorado; and Woburn, Massachusetts, all in the United States; and in Thiendorf and Munich, Germany. We also have smaller manufacturing operations in Suzhou, China and Yokohama, Japan.

We maintain repair and service capabilities in Livermore, Carlsbad, and Baldwin Park, California and Beaverton, Oregon, United States; Thiendorf, Dresden and Munich Germany; Bundang, South Korea; Yokohama, and Hiroshima, Japan; Suzhou and Shanghai, China; Hsinchu, Taiwan; and Singapore.

In February 2024, we entered into an agreement with Grand Junction Semiconductor Pte. Ltd. to divest our operations in China and establish an exclusive distribution and partnership agreement to continue sales and support of our products in the region (the "China Transaction"). The China Transaction is expected to close in the first half of 2024.

Research, Development and Engineering

The semiconductor industry is subject to rapid technological change with a continuous stream of new product introductions and technology enhancements. We believe that our continued commitment to research and development and our timely introduction of new and enhanced products and technologies are integral to maintaining and enhancing our competitive position. We allocate significant resources to these efforts and prioritize those resources to prepare for our customers' next generation electrical test and measurement challenges. We also increasingly seek to deploy our resources to solve fundamental challenges that are both common to, and provide competitive advantage across, our probe card and system product offerings and roadmaps.

Sales and Marketing

We sell our products worldwide through a global direct sales force and through a combination of manufacturers' representatives and distributors.

Our direct sales and marketing staff is located in the United States, China (pending the close of the China Transaction), France, Germany, Italy, United Kingdom, Japan, Singapore, South Korea, and Taiwan. They work closely with customers in the effort to understand their businesses, anticipate trends and define products that will provide significant technical and economic advantages to our customers. We employ a highly skilled team of application and customer support engineers that support our customers as they integrate our products into their research, development and manufacturing processes. Through these customer relationships, we seek to develop a strong understanding of customer and product requirements to align our capabilities with our customers' roadmaps and production ramps.

We also have a network of representatives and distributors across the globe to broaden our reach. We engage sales representatives to act as independent third parties that agree to promote our products, at our prices and on terms set by us, in return for a commission based on sales. We typically use sales representatives in areas that we believe require greater levels of customer support than we can deliver from our own sales offices and where local language capabilities can offer an advantage. Our distributors purchase our products and resell them at prices and upon terms set by the particular distributor. We typically use distributors in particular geographies due to local regulations or business customs.

Governmental Regulations

We are subject to international, federal, state and local regulations that are customary to businesses in our industry. These regulations relate to, among other things, environmental matters, anti-corruption, marketing, fraud and abuse, trade, employment, and privacy.

Environmental Matters

We are subject to U.S. federal, state, local, and foreign governmental laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites and the maintenance of a safe workplace. We believe that we comply in all material respects with the environmental laws and regulations that apply to us as of December 30, 2023 and December 28, 2024. There are no matters pending that we currently believe are reasonably possible of having a material impact to our business, consolidated financial condition, results of operations or cash flows. In the future, we may receive notices of violations of environmental regulations, or otherwise learn of such violations. Environmental contamination or violations may negatively impact our business.

Import and Export Control

We manufacture, market and sell our products both inside and outside the U.S. Certain products are subject to export control regulations. Failure to comply with these laws could result in sanctions by the U.S. or other respective governments, including substantial monetary penalties, denial of import, export or other privileges, and debarment from government contracts. Approximately 14% of our fiscal 2023 2024 revenue and 22% 14% of our fiscal 2022 2023 revenue was derived from sales to customers in China, which were subject to the expanded export license requirements imposed by the United States government. The revenue derived from large multinational customers with a presence in China represented 5% of fiscal 2023 revenue, with the remaining 9% representing regional customers in China. As noted above, we have entered into an agreement to divest our China operations, which is expected to close in the first half of 2024.

Competition

The markets for our products are highly competitive, and we anticipate that these markets will continually evolve and be subject to rapid technological change. Our current and potential competitors are as below:

Probe Cards. The probe card market is comprised of many domestic and foreign companies, and has historically been fragmented with many local suppliers servicing individual customers in often differentiated applications. Our primary competitors are AMST Co., Ltd., Chungwa Precision Technology, Feinmetall GmbH, Japan Electronic Materials Corporation, Korea Instrument Co., Ltd., M2N Co., Ltd., Microfriend Inc., Micronics Japan Co., Ltd., MPI Corporation, Micro Square Technology, Soulbrain Engineering, STAr Technologies, Inc., NHK Spring Co., Ltd., Soulbrain Engineering, Max One, Nidec SV TCL, Synergie CAD, TechnoProbe Technoprobe S.p.A, TSE Co., Ltd., WinWay Technology Co., Ltd., WILL-Technology Co., Ltd., and Yokowo, among others.

Probe card vendors such as Japan Electronic Materials Corporation, Micronics Japan Co., and TechnoProbe offer probe cards built using similar types of MEMS technology as we do. The high capital investment and other costs associated with the development of MEMS probe cards and the time and high cost of the customer evaluation process represent significant barriers to entry for this type of technology.

We believe that the primary competitive factors in the production probe card market depend upon the type of integrated circuit being tested. These factors include customer service, knowledge of measurement techniques, custom design success, delivery time, price, probe card lifetime, chip damage prevention, probe tip touch-down accuracy, electrical signal speed and current carrying capability, of the probe card, number of chips contacted in parallel, number of probe tips and their layout and pitch, signal integrity, and the frequency and effectiveness of any required cleaning. As a result of our relative strengths in these areas, we believe that we compete favorably in the advanced probe card market, and in probe cards for parallel testing of chips with densely-packed bond pads, bumps or pillars, and in high signal integrity testing of wireless radio frequency devices that operate up to millimeter-wave frequencies, a capability needed for components used in 5G applications. We believe that this high-frequency capability also enables us to compete favorably in high bandwidth memory ("HBM") testing, which is a stack of eight, twelve, or even sixteen individual DRAM die assembled with advanced packaging processes like through-silicon-vias and thermo-compression bonding.

Analytical Probes. Our primary competitors in the analytical probe market are GGB Industries Inc. and MPI Corporation. We believe that the primary competitive factors in this market are breadth of probe types, probe frequency and electrical signal integrity, contact integrity and the related cleaning required, knowledge of measurement techniques, calibration support, delivery time and price. We believe that we compete favorably with respect to these factors.

Probe Stations. Our primary competitors in the probe station market are HiSOL, MPI Corporation, Shenzhen Senmeixieer Technology Co., Ltd ("Semishare"), STAr Technologies, Inc., LTD/Accretech, The Micromanipulator Company Inc., MPI Corporation, Semiprobe, Signatone Corporation, Tokyo Electron Limited ("TEL"), Tokyo Seimitsu Co., and Wentworth Laboratories, Inc. We believe that the primary competitive factors in the probe station market are measurement accuracy and versatility at temperature, including cryogenic temperatures, measurement speed, automation features, knowledge of measurement techniques, completeness of the measurement solutions, delivery time and price. We believe that we compete favorably with respect to these factors.

Thermal Subsystems. In the market for thermal subsystems, we compete principally against AEM Singapore Pte., ERS Electronic GmbH, Espec Corp, and Temptronic Corporation. In addition, many of our probe station competitors develop and produce their own thermal subsystems for use in their products. We believe the primary competitive factors in this market are thermal performance, reliability, flexibility and completeness of product offerings. We believe that we compete favorably with respect to these factors.

Cryogenic Systems. In the market for cryogenic systems, we compete principally against Bluefors Oy, Entropy, Leiden Cryogenics B.V., Lake Shore Cryotronics, Inc., Maybell Quantum Industries Inc., Montana Instruments, Nagase Techno-Engineering Co., and Oxford Instruments, and STAR Cryoelectronics. We believe the primary competitive factors in this market are cryogenic performance, reliability, throughput and application expertise. We believe we compete favorably with respect to these factors.

Some of our competitors are also suppliers of other types of test and measurement equipment or other semiconductor equipment and may have greater financial and other resources than we do. Our competitors may enhance their current products and may introduce new products that will be competitive with ours. New alternatives to our products may also be introduced, by our current competitors or others, which may reduce the value of one or more of our products.

Semiconductor manufacturers may implement chip designs that include capabilities or use other methodologies that increase test throughput and reduce test content. This may reduce or eliminate some or all of our current products' advantages. Semiconductor manufacturers may also increase their use of test strategies that include low performance semiconductor testers, less complex probe cards, or test procedures that do not involve our products. Our ability to compete favorably may also be adversely affected by the long-standing relationships between our competitors and certain semiconductor manufacturers.

Intellectual Property

Our success depends in part upon our ability to continue to innovate and invest in research and development to meet the test and measurement requirements of our customers, to maintain and protect our proprietary technology, and to conduct our business without infringing on the proprietary rights of others. We rely on a combination of patents, trade secrets, trademarks and contractual restrictions on disclosure to protect our intellectual property rights. We have filed actions to enforce those rights against third parties in the past, and may pursue such actions in the future.

We have generated, and continue to generate and maintain, patents and other intellectual property rights covering innovations that are intended to create a competitive advantage, and to support the protection of our investments in research and development. We believe that we possess one of the most substantial patent portfolios relevant to our products.

Although we believe that our patents and other intellectual property rights have significant value for each of our segments, we do not believe that maintaining or growing our business is materially dependent on any single patent. Due to the rapid pace of innovation within the markets that we serve, it is possible that our protection through patents may be less important than factors such as our technological expertise, continuing development of new products and technologies, protection of trade secrets, market penetration, customer relationships, and our ability to provide comprehensive support and service to customers worldwide.

No assurance can be given that patents will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide us with a sustained competitive advantage. In addition, there can be no assurance that we will be able to protect our technology, or that competitors will not be able to independently develop similar or functionally competitive technologies, design around our patents, or attempt to manufacture and sell infringing products in countries that do not strongly enforce intellectual property rights.

Our People

We are committed to a set of core values that define our company culture, represent what we believe, that each employee contributes to and guide our culture of integrity, innovation, and teamwork. We reinforce this culture through our people development programs that drive talent acquisition, retention, and employee engagement. These programs include carefully thoughtfully designed compensation programs across all levels, a variety of training, learning and development opportunities, diversity and inclusion programs, and various other initiatives.

Our compensation programs help attract and retain key talent and are designed for our employees to share in our company's success. These programs focus on compensation that we believe is market-competitive, reflects company performance, and aligns with drivers of stockholder value with differentiation based on performance, skills, geographic location, and tenure. We use information from outside compensation and benefits consulting firms to evaluate the competitiveness of the compensation we offer to employees in specific job types, and to evaluate the structure of our compensation programs, as a benchmark against our peers within the industry.

We offer a variety of benefits such as health insurance, paid and unpaid leaves, retirement, and life and disability/accident coverage as applicable to their geographic location. We also offer a variety of other benefits which allow employees to select the options which meet their needs such as for wellness, insurance and professional services.

Our **training learning and development** initiatives promote the continuous improvement of our workforce to keep pace with an increasingly complex business and industry and are designed to foster skills development and compliance and promote our company values. In addition to formal training, the capabilities of our workforce are intended to grow through structured feedback, mentorship, team building, career progression, tuition assistance, and a culture of transparency.

We leverage both formal and informal programs to identify, reward, and retain top talent. On an annual basis, we conduct a talent review process with our Chief Executive Officer and leaders of our business units and functions that is focused on performance, potential, **diversity**, and succession for critical roles.

Our commitment We are continuing to build and sustain a culture of diversity and inclusion is a significant part of where our people development programs. We can be their authentic selves and are encouraged to reach their full potential. As a global technology company, we believe that the recruitment, retention a diverse employee population makes FormFactor stronger, more innovative, and promotion of a balanced workforce is an important driver of company performance, more engaging place to work. We support these values through sponsored events, networking groups, and management objectives. As an equal opportunity employer, we develop and implement an annual and targeted affirmative action plan. are always striving to attract talented individuals from a global candidate pool.

We also inspire employee engagement through our commitment are committed to corporate social responsibility, including in defined focus areas of sustainable technology, health providing a safe and safety, labor and human rights, energy and climate change, supply chain responsibility, and waste and chemical management.

healthy workplace for all employees. Our workplace health and safety programs include policies, procedures, training programs, and self-audits. Nearly all of our manufacturing employees are located in California, Oregon and Germany, where workplace safety and labor regulations support maintaining high standards of employee protection.

For our manufacturing activities, the speed at which we can recruit, train and deploy **quality skilled** new and replacement personnel is an important part of our ability to ramp up and maintain our production capacity. We rely upon both employees and resources from staffing firms to meet our **needs for direct labor. Speed, accuracy and agility in this process is important to our business, manufacturing labor needs.** Similarly, it is important to our business that we are able to regularly recruit and train **quality new and replacement design and engineering staff.** For example, our probe card products require that we develop custom designs for our customers' new product designs. We face strong competition from companies in a variety of technology fields to secure the engineering talent that we require. In addition, restrictions on immigration and skilled-worker visas in a variety of jurisdictions impacts the ease and flexibility with which we can develop these resources.

As of **December 30, 2023** **December 28, 2024**, we had **2,115** **2,238** regular full-time employees, including **1,225** **1,352** in operations, **425** **424** in research and development, **276** **268** in sales and marketing and **189** **194** in general and administrative functions. By region, **1,469** **1,663** of our employees were in North America, **891** **314** in Asia, and **255** **261** in Europe. As of **December 30, 2023** **December 28, 2024**, our Probe Cards Segment had **1,565** **1,674** regular full-time employees, our Systems Segment had **362** **372** regular full-time employees, plus we had **188** **192** regular full-time employees in corporate functions.

Available Information

We maintain a website at <http://www.formfactor.com>. We make available free of charge on our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the United States Securities and Exchange Commission, or SEC. The reference to our website does not constitute incorporation by reference of the information contained at the site.

Item 1A: Risk Factors

In addition to the other information in this Annual Report on Form 10-K, you should carefully consider the risk factors discussed in this Annual Report on Form 10-K in evaluating FormFactor and our business. If any of the identified risks actually occur, our business, financial condition and results of operations could be materially adversely affected, the trading price of our common stock could decline, and you may lose all or part of your investment in our common stock. The risks and uncertainties described in this Annual Report on Form 10-K are not the only ones we face. Additional risks that we currently do not know about, or that we do not consider sufficiently important to describe here in accordance with applicable regulations, may also impair our business operations or the trading price of our common stock.

Risks Relating to our Operations and the Nature of Our Business

The markets in which we participate are competitive, and if we do not compete effectively, our operating results could be harmed.

We have experienced increased competition in the markets in which we operate, and we expect competition to intensify in the future. Increased competition has resulted in, and in the future may result in, price reductions, reduced gross margins or loss of market share.

Existing competitors might introduce new competitive products for the same markets that our products currently serve. These products may have better performance, lower prices, shorter delivery times or broader acceptance than our products.

In addition, new competitors, including test equipment manufacturers, may offer comparable or new technologies that reduce the value of our products. Also, semiconductor manufacturers may implement chip designs or methodologies that increase test throughput, reduce test content, or change their test procedures, thereby eliminating some or all of our current product advantages.

Our current or potential competitors may have larger customer bases, more established customer relationships or greater financial, technical, manufacturing, marketing and other resources than we do. As a result, they might 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 reduce prices to increase market share.

If we do not innovate and keep pace with technological developments in the semiconductor industry, our products might not be competitive, and our revenues and operating results could suffer.

We must continue to innovate and to invest in research and development to improve our competitive position and to meet the test and measurement requirements of our customers. Our future growth depends, in significant part, upon our ability to work effectively with and anticipate the future technical and operational needs of our customers and to develop and support new products and product enhancements to meet those needs on a timely and cost-effective basis. This may become more difficult to do as the semiconductor industry innovates to address demand for AI-related products, which may develop more slowly than we anticipate or change rapidly from one period to another, another for a variety of reasons, including industry-wide shifts in expectations and technological developments. Our customers' needs are becoming more challenging as the semiconductor industry continues to experience rapid technological change driven by the demand for complex circuits that are shrinking in size, are increasing in speed and functionality, have more complex layouts, and are produced on shorter cycle times and at reduced unit cost.

Successful product design, development and introduction on a timely basis require that we:

- collaborate with customers to understand their future requirements;
- design innovative and performance-enhancing product architectures, technologies and features that differentiate our products from those of our competitors;
- in some cases, engage with third parties who have particular expertise in order to complete one or more aspects of the design and manufacturing process;
- qualify with customers new products, or an existing product incorporating new technology;
- transition our products to new manufacturing technologies, as necessary;
- offer our products for sale at competitive price levels while maintaining our gross margins within our financial model;
- identify emerging technological trends in our target markets;
- maintain effective marketing strategies;
- obtain and maintain intellectual property rights where necessary;
- hire and retain high performing engineering personnel;
- respond effectively to technological changes or product announcements by others; and
- adjust to changing market conditions quickly and cost-effectively.

Not only do we need the technical expertise to implement the changes necessary to keep our technologies current, but we must also rely heavily on the judgment of our management to anticipate future market trends. If we are unable to timely predict industry changes or industry trends, or if we are unable to modify our products or design, manufacture and deliver new products on a timely basis, or if a third party with which we engage does not timely deliver a component or service for one of our product modifications or new products, we might lose customers or market share. In addition, we might not be able to recover our research and development expenditures, which could harm our operating results.

We depend upon the sale of our probe card products for the substantial majority of our revenues.

We derive the majority of our revenues from the sale of our probe card products, primarily to manufacturers of microprocessors, foundry & logic and memory devices, despite progress in diversifying our product offerings. We anticipate that sales of probe cards will represent a substantial majority of our revenues for the foreseeable future. Our success depends in large part upon the continued acceptance of our products on the basis of a variety of factors including performance, quality, timely delivery and price, and depends upon our ability to continue to develop and introduce new products that meet our customers' requirements. The degree to which we depend upon the sales of our probe card products for our revenues may increase our susceptibility to failures to satisfy the customers for such products, which may adversely affect our revenues and our ability to grow our business.

We derive a substantial portion of our revenues from a small number of customers.

A relatively small number of customers account for a significant portion of our revenues. One Two customers represented a combined 33.5% of total revenues in fiscal 2024, one customer represented 17.1% of total revenues in fiscal 2023 and one customer represented 19.0% of total revenues in fiscal 2022 and two customers represented a combined 31.8% of total revenues in fiscal 2021, 2022. We anticipate that sales of our products to a relatively small number of customers will continue to account for a significant portion of our revenues, which can drive material fluctuations in sales volume, gross margins due to changes in mix, and leverage on fixed costs. Consolidation in the semiconductor industry may increase this concentration. In the future, the loss of any of these customers, or cancellation, reduction or deferral of even a small number of purchases of our products by these customers, could significantly reduce our revenues. A decline in our customers' market share and commercial success, including their ability to compete favorably within their respective end markets, could significantly impact demand for our products and reduce our revenues. Cancellations, reductions, deferrals or non-payment of invoices could result from downturns in the semiconductor industry, including the cyclical downturn we are now have been experiencing, manufacturing delays, quality or reliability issues with our products, or from interruptions to our customers' operations due to fire, natural disasters or other events, or other issues with the financial stability of our customers. Furthermore, because our probe cards are custom products designed for our customers' unique wafer designs, any cancellations, reductions or delays can result in significant non-recoverable costs, including but not limited to the potential for impairment of inventories. In some situations, our customers might be able to cancel or reduce orders without a significant penalty.

If our relationships with our customers deteriorate, our product development activities could be harmed.

The success of our product development efforts depends upon our ability to anticipate market trends and to collaborate closely with our customers. Our relationships with these customers provide us with access to valuable information regarding manufacturing and process technology trends in the semiconductor industry, which enables us to better plan our product development activities. These relationships also provide us with opportunities to understand the performance and functionality requirements of our customers, which improves our ability to customize our products to fulfill their needs. Our relationships with our customers could deteriorate as a result of a variety of factors, such as if they become concerned about our ability to deliver quality products on a timely basis or to protect their intellectual property. Many of our customers are large companies that place significant orders with us, and the consequences of deterioration in our relationship with any of these companies could be significant due to the competitiveness of our industry and the significant influence that these companies exert in our market.

Consolidation in the semiconductor industry and within the semiconductor test equipment market could adversely affect the market for our products and negatively impact our ability to compete.

Consolidation in the semiconductor industry may reduce our customer base and could adversely affect the market for our products, which could negatively impact our revenues. With consolidation, the number of actual and potential customers for our products has decreased in recent years. Consolidation may lead to relatively fewer opportunities to sell our products if we are not chosen as a supplier by any given prospective customer, and may lead to increased pricing pressures from customers that have greater volume purchasing power.

There has also been consolidation within the semiconductor test equipment market. This consolidation trend could change our interactions and relationships with complementary tester, instrument, and probe card suppliers, and negatively impact our revenue and operating results.

Changes in customers' test strategies, equipment and processes could decrease customer demand for our products.

The demand for our products depends in large part upon the number of semiconductor designs, the pace of technology and architecture transitions in chip designs and overall semiconductor unit volume. The number of probe cards involved in a customer's wafer testing can depend upon the number of devices being tested, the complexity of these devices, the test software program, the test equipment itself, and the utilization of chip designs featuring design-for-testability or self-testing capabilities. Customers may demand fewer probe cards or probing systems if they use test strategies that reduce the technical requirements on test equipment, improve available data on device performance earlier in the manufacturing process, or test devices later in the manufacturing process. Changes in the effectiveness of test technologies and test strategies used by customers may cause us to lose sales and revenues.

We may also lose sales if new semiconductor technologies or designs are implemented which cannot be efficiently tested using the products that we offer, or if semiconductor manufacturers reduce the amount or degree of testing that they perform. We may also incur significant research and development expenses in order to introduce new product architectures and platforms to serve the testing needs of new semiconductor technologies. These expenses are often incurred in advance of customer adoption or other anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our operating results may be negatively impacted.

Cyclical in the semiconductor industry has in the past and may in the future adversely impact our sales.

The semiconductor industry has historically been cyclical and is characterized by wide fluctuations in product supply and demand. From time to time, this industry has experienced significant downturns, often in connection with, or in anticipation of, maturing product and technology cycles, excess inventories, and declines in general economic conditions. The global economic and semiconductor downturns have caused and may in the future cause our operating results to decline dramatically from one period to the next. For example, the semiconductor industry **has been experiencing in general experienced** a cyclical downturn **since beginning** the second half of fiscal 2022 **which has that** extended through **at least** fiscal **2023, 2024**, resulting in a significant decline in demand for foundry & logic and DRAM products over the same period. Global economic stability can be negatively affected by a variety of factors and interrelationships, including the impacts of epidemics and pandemics, military conflicts or regional tensions, climate change, trade **tensions, barriers and conflicts** (such as the U.S.-China trade restrictions implemented since fiscal **2022**) **2022 and those proposed to be implemented by the new U.S. presidential administration**) and other factors acting alone or in combination. Some of these factors can also have a more direct adverse impact upon our operations to varying degrees. Our business depends heavily upon the development and manufacture of new semiconductors, the rate at which semiconductor manufacturers make transitions to smaller nanometer technology nodes and implement tooling cycles, the volume of production by semiconductor manufacturers, and the overall financial strength of our customers, which, in turn, depend upon the current and anticipated market demand for semiconductors and products that use semiconductors, such as servers, personal computers, automobiles and cell phones. During industry downturns, semiconductor manufacturers sharply curtail their spending, including their spending on our products, which may adversely impact our revenues, gross margins and results of operations. Further, a protracted downturn could cause one or more of our customers to become insolvent, resulting in a loss of revenue and impacting our ability to collect on accounts receivable. The timing, length and severity of these cyclical downturns are difficult to predict, and our business depends on our ability to plan for and react to these cyclical changes.

Because we generally do not have a sufficient backlog of unfilled orders to meet our quarterly revenue targets, revenues in any quarter are substantially dependent upon customer orders received and fulfilled in that quarter.

Our revenues are difficult to forecast because we generally do not have sufficient backlog of unfilled orders to meet our quarterly revenue targets at the beginning of a quarter. Rather, a substantial percentage of our revenues in any quarter depend upon customer orders for our products that we receive and fulfill in that quarter. Because our expense levels are based in part on our expectations as to future revenues and to a large extent are fixed in the short term, we might be unable to adjust spending in time to compensate for any unexpected shortfall in revenues.

If our ability to forecast demand for our products or the predictability of our manufacturing yields deteriorates, we could incur high inventory losses.

Each semiconductor chip design requires a custom probe card. Because our probe card products are design-specific, demand for these products is difficult to forecast. Due to our customers' short delivery time requirements, we often design and procure materials and, at times, produce our products in anticipation of demand for our products rather than in response to an order. Our manufacturing yields and inventory requirements, particularly for new products or when we are operating at high output levels, have at times been unpredictable. If we do not obtain orders as we anticipate, if we suffer manufacturing errors, or if we build additional inventory to compensate for unpredictable manufacturing yields, we could have excess or obsolete inventory that we may not be able to sell, which would likely result in inventory write-offs or material charges for scrap.

If we are unable to efficiently manufacture our existing and new products, our business may be materially adversely affected.

We must continuously improve our manufacturing processes in an effort to increase yields and product performance, lower our costs and reduce the time required for us to design, manufacture and deliver our products in volume. If we fail to do so, both our existing products and our new products may not be commercially successful, our revenues and profitability may be adversely affected, our customer relationships and our reputation may be harmed, and our business may be materially adversely affected.

To improve our manufacturing processes, we have incurred, and may incur in the future, substantial costs in an effort to optimize capacity and yields, open new manufacturing facilities, implement new manufacturing technologies, methods and processes, purchase new equipment, upgrade existing equipment, and train technical personnel. We have experienced, and may experience in the future, manufacturing delays and other inefficiencies in connection with implementation of these improvements and customer qualifications of new processes or products. These delays and other inefficiencies may arise from a variety of factors. Further, these investments may consume available cash in the short term for anticipated benefit that may or may not occur. Our operating results and liquidity have been and may in the future be negatively impacted by these factors.

We have also experienced, and may experience in the future, difficulties in manufacturing our complex products in volume, on time, and at acceptable yields and cost, and/or have installation issues in the field, due to the complexity of customer requirements. These challenges, if not timely resolved could have a material adverse effect on operating results and our ability to compete effectively.

If we are unable to continue to reduce the time it takes for us to design and produce products, our growth could be impeded.

Our customers continuously seek to reduce the time it takes them to introduce new products to market. The cyclical nature of the semiconductor industry, coupled with changing demands for semiconductor products, requires our customers to be flexible and highly adaptable to changes in the design, volume and mix of products they must produce. We may be unable to design, configure and produce our products within the short cycle times required to respond to such rapid changes. We have lost sales in the past where we were unable to meet a customer's required delivery schedules. If we are unable to continue to reduce the time it takes for us to design, manufacture and ship our products in response to the needs of our customers, our competitive position could be harmed and we could lose sales.

Products that do not meet specifications or that contain defects could damage our reputation, decrease market acceptance of our technology, cause us to lose customers and revenues, and result in liability to us.

The complexity and ongoing development of our product designs and manufacturing processes could lead to design or manufacturing problems. Problems might result from a number of factors, including design defects, materials failure, failure of components manufactured by our suppliers to meet our specifications, contamination in the manufacturing environment, impurities in the materials used, unknown sensitivities to process conditions such as temperature and humidity, and equipment failures. Any errors or defects could:

- cause lower than anticipated yields and lengthen delivery schedules;
 - cause delays in product shipments;
 - cause delays in new product introductions;
 - cause us to incur warranty expenses;
 - result in increased costs and diversion of development resources;
 - cause us to incur increased charges due to unusable inventory;
 - require design modifications;
 - have implications for timing of revenue recognition and associated costs; or
-
- decrease market acceptance or customer satisfaction with these products.

The occurrence of any one or more of these events could adversely affect our business, reputation and operating results.

As part of our sales process, we could incur substantial sales and engineering expenses that do not result in revenues.

Our customers generally expend significant efforts evaluating and qualifying our products prior to placing an order. While our customers are evaluating our products, we might incur substantial sales, marketing, and research and development expenses. For example, we typically expend significant resources educating our prospective customers regarding the uses and benefits of our products and customizing them to the potential customer's needs, for which we might not be reimbursed. The substantial resources we commit to our sales efforts may not result in any revenues from a customer. For example, many semiconductor processes, architectures, and designs never reach production, including those for which we may have expended development effort and expense. In addition, prospective customers might decide not to use our products or use our products for a relatively small percentage of their requirements after we have expended significant effort and expense toward product design, development, and/or manufacturing. If we do not achieve the benefits anticipated from any of these investments, or if the achievement any of these benefits is delayed, our operating results may be negatively impacted.

We obtain some of the components and materials we use in our products from a sole source or a limited group of suppliers, and the partial or complete loss of one of these suppliers, or scarcity of raw materials from one of these suppliers, could cause production delays.

We obtain some of the components and materials used in our products, such as printed circuit board assemblies, plating materials and ceramic substrates, from a sole source or a limited group of suppliers, and in some cases alternative sources are not currently available. Because we rely on purchase orders rather than long-term contracts with the majority of our suppliers, we cannot guarantee our ability to obtain components and materials in the long term. A sole or limited source supplier could increase prices, which could lead to a decline in our gross profit. Our dependence upon sole or limited source suppliers exposes us to several other risks, including inability to obtain an adequate supply of materials, late deliveries, poor component quality, and business disruptions while we seek to identify and qualify alternative suppliers. This could be exacerbated by certain events outside the control of either the supplier or us, such as global, regional or national health crises, armed conflicts, **increased tariffs and trade barriers**, regional tensions or other adverse global, regional and national events. The occurrence of any of these risks could adversely impact our business, results of operations and financial condition.

We are dependent on the availability of certain key raw materials and natural resources used in our products and various manufacturing processes, and we rely on third parties to supply us with these materials in a cost-effective and timely manner. Our access to raw materials may be adversely affected if our suppliers' operations were disrupted as a result of limited or delayed access to key raw materials and natural resources, which may result in increased cost for these items.

Our operations, or those of our important suppliers, business partners and customers, could be adversely affected by events outside of our control such as natural disasters, pandemics and man-made disasters.

Our business is vulnerable to the direct and indirect impact of natural and man-made disasters, such as floods, earthquakes, volcanic eruptions, nuclear accidents, acts of terrorism, epidemics, pandemics, military conflicts, climate change, and other factors acting alone or in combination. It is also possible that future natural and man-made disasters could negatively impact the sales of our products as a result of impacts upon our customers' ability to make or sell their products, or impacts upon our suppliers' ability to supply components to us on a timely basis.

For example, the COVID-19 pandemic **has shown showed** the extent to which new pathogens are capable of disrupting business operations and economic activity locally and worldwide. Health crises can severely disrupt global supply chains, including for parts and materials that we use to manufacture our products, and affect economic conditions in the markets for our products. The circumstances which give rise to epidemics and pandemics from new or existing pathogens with similar impacts are expected to persist indefinitely.

Another example of events outside of our control arises from our manufacturing facilities being located in seismically active areas in California and Oregon. The manufacturing equipment and processes that we use can be severely disrupted by seismic activity. A significant seismic event in an area of our operations could have a materially negative impact on our operations, financial results or financial condition.

Much of the infrastructure on which we rely for our operations is outside of our control, such as electric power infrastructure. We have previously experienced disruptions to electrical power at some of our premises in California and China, especially when aging infrastructure or inadequate electric power service has been impacted by high demand, fires, and weather which may worsen over time with climate change, and other events. Our efforts to mitigate the effects on us from interruptions in the availability of electric power, or other infrastructure, may not adequately prevent materially negative impacts on our operations, and in turn our financial results.

Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business and operations.

The physical impacts of climate change could adversely impact our costs and operations. There has been public discussion that climate change may be associated with rising sea levels as well as extreme weather conditions such as more intense hurricanes, thunderstorms, tornadoes, drought, and snow or ice storms. Extreme weather conditions may increase our costs or cause damage to our facilities, and any damage resulting from extreme weather may not be fully insured, and may also limit our ability to fully insure facilities on a cost-effective basis in the future. Periods of extended inclement weather may inhibit construction of our capital improvement projects. Any such events could adversely impact our costs or results of operations.

Concerns relating to climate change have led to a range of local, state, federal, and international regulatory and policy efforts to seek to address greenhouse gas ("GHG") emissions. In the U.S., various approaches are being proposed or adopted at the federal, state, and local government levels, such as recent legislation enacted in California. These efforts could lead to additional costs on the Company now or in the future, including increased energy and other capital or operational costs, or additional legal requirements on the Company. These efforts could also materially increase our costs of evaluating potential manufacturing sites, or in some cases eliminate some potential locations as feasible sites. In addition to the potential for additional GHG regulation or incentives, enhanced corporate, public, and stakeholder awareness of climate change could affect the Company's reputation or customer demand. Climate change concerns and GHG regulatory efforts could also affect the Company's customers themselves. We could also face pressure from these groups to adapt our physical facilities for alternative sources of energy, which may be less cost-effective than current sources. Any of these factors, individually or combined with one or more factors, or other unforeseen factors or other impacts of climate change, could affect the Company and adversely impact our business, operations, or financial condition.

Adverse global, regional and national economic conditions could have a negative effect on our business, results of operations, financial condition, liquidity, and access to capital markets.

A variety of factors, including natural disasters, health crises, climate change, military conflicts and other geopolitical events, may adversely affect national, regional and global economies and financial markets. Recent political changes have created an environment of tension and uncertainty in economic matters, particularly with regard to tariffs and international trade. Any such adverse events may result in global, regional or national economic slowdowns or other economic disruptions or downturns. Such disruption or downturns could curtail or delay spending by businesses and consumers which may ultimately result in reductions in the demand for our products, greater volatility in demand and supply conditions and other adverse impacts. For example, any deterioration in the relations between Taiwan and China, and other factors affecting military, political or economic conditions in Taiwan or elsewhere in Asia, could adversely impact our suppliers, manufacturers and customers with operations located in the region, which could disrupt our business operations, affect demand for our products or increase our costs, negatively impacting our revenues, gross margins, and overall results of operations. Additionally, these events may also increase uncertainty in global credit and financial markets. The impacts of such uncertainty and disruptions to the availability of credit or other sources of capital could also adversely affect our ability to access capital on favorable terms or on a timely basis to meet our objectives. Any of these factors could have a material adverse impact on our business, results of operations, financial condition and cash flows.

Sustained inflation could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Inflation rates in the markets in which we operate have increased and may continue to rise. Inflation in recent periods has led us to experience higher costs related to labor, materials from suppliers, and transportation. Our suppliers raised their prices and may continue to raise prices, and in the competitive markets in which we operate, we may not be able to make corresponding price increases, productivity improvements or cost reductions to preserve our gross margins and profitability. If inflation rates continue to rise or remain elevated for a sustained period of time, they could have a material adverse effect on our business, financial condition, results of operations and liquidity. We have generally been able to offset increases in these costs through various productivity improvement and cost reduction initiatives, as well as by adjusting our selling prices to pass through some of these higher costs to our customers; however, our ability to raise our selling prices depends on market conditions and competitive dynamics. Given the timing of our actions compared to the timing of these inflationary pressures, there may be periods during which we are unable to fully recover the increases in our costs.

We rely on the security and integrity of our electronic data systems, managed both internally and by third parties, for our business requirements, and our business can be damaged by disruptions, security breaches or compromises of these systems.

We rely on electronic data systems, including a variety of software and networking, computing and storage equipment and other information technologies, to operate and manage our business and to collect, process, maintain, and safeguard information, including information belonging to our customers, partners, and personnel.

Our electronic data systems may be subject to defects, failures or disruptions as a result of, among other things, natural disasters, accidents, power disruptions, telecommunications failures, deficiencies in new system designs and implementations, acts of terrorism or war, physical security breaches, computer viruses or other cyber attacks. Such incidents or other system failures or disruptions could subject us to downtime and delays, compromise or loss of sensitive or proprietary information, destruction or corruption of data, financial losses from remedial actions, breaches of obligations to third parties under privacy laws or contracts, or damage to our reputation or customer relationships. Any of the foregoing could have a material adverse effect on our business, operating results and financial condition.

Because we conduct most of our business internationally, we are subject to operational, economic, financial and political risks abroad.

Sales of our products to customers outside of the United States represent a significant part of our past and anticipated revenues. Our international sales as a percentage of our revenues were 74% 76%, 83% 74% and 84% 83% for fiscal 2024, 2023 2022 and 2021 2022, respectively. Certain of our non-U.S. based customers also purchase through their subsidiaries in the United States. In the future we expect international sales to continue to account for a significant percentage of our revenues. Accordingly, we will be subject to risks and challenges that we would not otherwise face if we conducted our business solely in the United States.

These risks and challenges include:

- compliance with a wide variety of foreign laws and regulations, including social, political, immigration, and tax and trade policies;
- legal uncertainties regarding taxes, tariffs, quotas, export controls, export licenses and other trade barriers;
- political and economic instability or foreign conflicts, including trade wars, that involve or affect the countries of our customers;

- government restrictions on, or nationalization of, our operations in any country, or restrictions on our ability to repatriate earnings from or distribute compensation or other funds in a particular country;
- adverse changes relating to government grants, tax credits, or other government incentives, including more favorable incentives provided to competitors;
- difficulties in collecting accounts receivable and longer accounts receivable payment cycles;
- difficulties in staffing and managing personnel, distributors and representatives;
- reduced protection for intellectual property rights in some countries;
- currency exchange rate fluctuations, which could affect the value of our assets denominated in local currency, as well as the price of our products relative to locally produced products;
- global, regional and national geopolitical or other events, such as political instability, acts of war or terrorism, regional tensions, health crises and natural disasters;
- seasonal fluctuations in purchasing patterns in other countries; and
- fluctuations in freight rates and transportation disruptions.

Any of these factors could harm our existing international operations, impair our ability to continue expanding into international markets or materially adversely affect our operating results. Political developments in the United States and elsewhere may increase the risks and uncertainties associated with conducting international business, including the possibilities of greater tariffs and other trade barriers in the regions where we conduct business. In fiscal 2024 and 2023, we observed a continuing trend of increasing risks and challenges in the conduct of our international business activities, including expanded tariffs and other trade barriers affecting the United States and China, and currently there are rising trade tensions and conflicts (including proposed tariffs) between the United States and other countries, such as China. Additionally, we are required to comply with foreign import and export requirements, customs and value added tax standards that can be unclear or complex. Our failure to meet these requirements and standards could negatively impact our business operations.

Our foreign operations expose us to additional risks relating to currency fluctuations.

Our international operations are significant to our revenues and net income, and we plan to continue to grow internationally. We have significant business operations located in Germany. While we report our financial results in U.S. dollars, we incur certain costs in other currencies, and have certain foreign currency denominated assets and liabilities. We, therefore, face exposure to fluctuations in currency exchange rates. Significant fluctuations in exchange rates between the U.S. dollar and foreign currencies may adversely affect our revenues and earnings, despite our hedging of a portion of our international currency exposures. Additionally, hedging programs are inherently risky and could expose us to additional costs and risks that could adversely affect our financial condition and results of operations.

Increasingly restrictive export regulations and other trade barriers may materially harm our business.

Sales of our products to customers outside of the United States represent a significant part of our past and anticipated revenues, including sales involving exports from the United States to China. Geopolitical and trade tensions between the United States and China, one of our largest markets, have led to increased tariffs and trade restrictions and have affected customer ordering patterns, and this dynamic between the countries may persist or increase for the foreseeable future. For example, the U.S. Department of Commerce, Bureau of Industry and Security ("BIS"), has recently amended the U.S. Export Administration Regulations to expand license requirements on exports to entities in China that may support military end uses. These rules expand export license requirements on a broader set of items from the U.S., including many of our products, and for a broader set of customers in China and elsewhere. The BIS has also broadened the application of U.S. export controls to certain items which may be subject to Foreign Direct Product Rules ("FDPR"). There is no assurance that we will obtain any export licenses on a timely basis or at all. There also remains considerable uncertainty regarding the interpretation and implementation of new regulations. In reaction to U.S. trade regulations, governments and private businesses outside the United States, particularly in China, may implement retaliatory controls and preferences for non-U.S. or local suppliers, which can increase our manufacturing costs, make our products less competitive, reduce demand for our products, limit our ability to sell to certain customers, limit our ability to procure components or raw materials, or impede or slow the movement of our goods across borders. For example, China has restricted U.S. access to certain minerals and has blocked certain companies that provide products to Taiwan's military from selling products in China. Also, in China, we are already observing stronger preferences for non-U.S. suppliers in general, and in favor of new and existing local suppliers in particular. These and other regulatory and policy changes, and the reactions of customers to such changes, in the U.S. and elsewhere, could materially and negatively affect our future sales and operating results.

If we fail to protect our proprietary rights, our competitors might gain access to our technology, which could adversely affect our ability to compete successfully in our markets.

If we choose not to protect our proprietary rights or fail in our efforts to protect our proprietary rights, our competitors might gain access to our technology. Unauthorized parties might attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Others might independently develop similar or competing technologies or methods or design around our patents. In addition, the laws of many foreign countries in which we or our customers do business do not protect our intellectual property rights to the same extent as the laws of the United States. As a result, our proprietary rights could be compromised, our competitors might offer products similar to ours, and we might not be able to compete successfully. We also cannot assure that:

- our means of protecting our proprietary rights will be adequate;
- patents will be issued from our pending or future applications;
- our existing or future patents will be sufficient in scope or strength to provide any meaningful protection or commercial advantage to us;
- our patents or other intellectual property will not be invalidated, circumvented or successfully challenged in the United States or foreign countries; or
- others will not misappropriate our proprietary technologies or independently develop similar technologies, duplicate our products or design around any of our patents or other intellectual property, or attempt to manufacture and sell infringing products in countries that do not strongly enforce intellectual property rights.

We have spent, and may be required to spend in the future, significant resources to monitor and protect our intellectual property rights. Any litigation, whether or not resolved in our favor, and whether initiated by us or by a third party, could result in significant and possibly material expenses to us and divert the efforts of our management and technical personnel.

We might be subject to claims of infringement of other parties' proprietary rights.

Our industry is characterized by uncertain and conflicting intellectual property claims. As we have in the past, we may receive claims that we are infringing intellectual property rights of others. The resolution of intellectual property claims, with or without merit, could be time consuming, result in costly litigation with highly uncertain outcomes, or impact our delivery of products. In the event of an adverse judgement or settlement, we might be required to pay substantial amounts, cease the use or sale of infringing products, spend

significant resources to develop non-infringing technology, discontinue the use of certain technology, or enter into license agreements. License agreements might not be available on terms acceptable to us or at all. In addition, certain of our customer contracts contain provisions that require us to defend or indemnify our customers for third party intellectual property infringement claims, which could increase the costs and negative impacts of intellectual property claims.

We have recorded restructuring, inventory write-offs and asset impairment charges in the past, and may do so again in the future, which could have a material negative impact on our business.

We have recorded significant restructuring charges in prior periods, and we may implement restructuring plans in the future, which would require us to take additional, potentially material, restructuring charges related to employee terminations, asset disposal or exit costs. We may also be required to write-off additional inventory if our product build plans or usage of inventory experience declines, and such additional write-offs could constitute material charges. In addition, significant adverse changes in market conditions could require us to take additional material impairment charges related to our long-lived assets if the changes impact the critical assumptions or estimates that we use in our assessment of the recoverability of our long-lived assets. Any such additional charges, whether related to restructuring, asset impairment or factory underutilization, may have a material negative impact on our operating results and related financial statements.

We may not be able to recruit or retain qualified personnel.

We believe our ability to manage successfully and grow our business and to develop new products depends, in large part, on our ability to recruit and retain qualified employees, particularly highly skilled technical, sales, management, and other key personnel. Competition for qualified resources is intense. Other companies may have greater resources available to provide substantial inducements to lure key personnel away from us or to offer more competitive compensation packages to individuals we are trying to hire.

Our failure to comply with environmental laws and regulations could subject us to significant fines and liabilities, and new laws and regulations or changes in regulatory interpretation or enforcement could make compliance more difficult and costly.

We are subject to various U.S. federal, state and local, and foreign governmental laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites and the maintenance of a safe workplace. We could incur substantial costs, including cleanup costs, civil or criminal fines or sanctions, and third-party claims for property damage or personal injury, as a result of violations of or liabilities under environmental laws and regulations or non-compliance with the environmental permits required at our facilities.

Environmental laws, regulations and permits could require the installation of costly pollution or waste control equipment or operational changes to limit waste or emissions or decrease the likelihood of accidental releases of hazardous substances. In addition, changing laws and regulations, new laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination at our or others' sites, or the imposition of new cleanup requirements could require us to curtail our operations, restrict our future expansion, subject us to liability and cause us to incur future costs that could harm our operations, thereby adversely impacting our operating results and cash flow.

We are exposed to additional risks as a result of increased attention by our stakeholders to environmental, social and governance ("ESG") matters.

Our stakeholders, including customers, investors, advisory firms, employees, and suppliers, among others, are increasing their attention to, and establishing expectations for, ESG and related matters. These expectations can extend to our corporate practices, initiatives, and disclosures, as well as stakeholder standards or preferences for investments or doing business. Third-party agencies have also established or added standards for rating companies on a range of ESG-related factors that may be inconsistent and subject to change. As a result, these expectations may impact the attractiveness of our business, the manner in which we do business, our reputation, the costs of doing business, and the willingness of these stakeholders to engage with, invest in, or retain us. We may be further impacted by the adoption and evolution of ESG-related regulation and legislation in the jurisdictions in which we do business, which could result in increased compliance, operational, and other costs.

In addition, the Company has provided voluntary disclosures on ESG matters, including energy usage, greenhouse gas emissions, health and safety, diversity and inclusion, and labor and human rights. Such disclosures are aspirational and based on frameworks and standards for such initiatives and progress that are still developing, assumptions that may change, and disclosure control and procedures that continue to evolve. We may fail, or be perceived to fail, in attaining or maintaining our ESG-related initiatives. **The topics on which we focus may not be popular with our stakeholders.** These events or perceptions may expose us to additional reputational and operational risks. **Additionally, anti-ESG sentiment exists among certain stakeholders. We have been and may again be subject to negative responses from certain stakeholders regarding our selection of certain goals and our strategic choices regarding related matters due to anti-ESG sentiment, which could negatively impact our reputation, business and financial results.**

Risks Relating to Our Acquisitions

We have made acquisitions and investments, and may make additional acquisitions or investments in the future, which could put a strain on our resources, cause ownership dilution to our stockholders, or adversely affect our financial results.

Our acquisitions or investments may subject us to new or heightened risks. Integrating any newly acquired businesses, products or technologies into our company draws upon our resources in ways that can be expensive and time consuming, particularly when we conduct these activities internationally. These activities can substantially affect our financial resources, could cause delays in product delivery and might not be successful. Acquisitions and investments can divert management's attention and expose our business to new liabilities or risks associated with entering into new business activities. In addition, we might lose key employees while integrating new organizations. We might not be successful in integrating any acquired businesses, products or technologies, and might not achieve anticipated revenues and cost benefits. Investments that we make may not result in a return consistent with our projections upon which such investments are made, or may require additional investment that we did not originally anticipate. **In the case where we hold a minority equity interest in a company, we may not have the ability to exert control over the entity and therefore may be subject to additional risks that could adversely impact our reputation, business, financial performance and growth.** In addition, acquisitions can result in customer dissatisfaction, performance problems with an acquired company, potentially dilutive issuances of equity securities or the incurrence of debt and restrictive debt covenants, contingent liabilities, possible impairment charges related to goodwill or other intangible assets, or other adverse impacts or circumstances. If any of these risks were to come about, our business, financial results and stock price could be materially and adversely affected.

If goodwill or other intangible assets that we recorded, or will record, in connection with our acquisitions become impaired, we could be required to take significant charges against earnings.

In connection with our accounting for acquired businesses, we record a significant amount of goodwill and other intangible assets. Under U.S. generally accepted accounting principles, or GAAP, we must assess, at least annually and potentially more frequently, whether the value of goodwill and other indefinite-lived intangible assets have been impaired.

Finite-lived intangible assets are assessed for impairment in the event of an impairment indicator. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings, which could materially adversely affect our results of operations and stockholders' equity in future periods.

Risks Relating to Owning Our Stock

If we fail to maintain an effective system of internal and disclosure controls and procedures, we may not be able to accurately report our financial results or prevent fraud.

Effective internal and disclosure controls and procedures are necessary for us to provide reliable financial reports, to prevent fraud and to operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our business and reputation may be harmed. We regularly review and assess our internal controls over financial reporting and our disclosure controls and procedures. As part of that process, we may discover material weaknesses in our internal controls. If we fail to maintain effective controls or timely implement any necessary improvement of our internal and disclosure controls, we may not have accurate information to make management decisions, our operating results could be harmed, or we may fail to meet our reporting obligations. Ineffective internal and disclosure controls could also cause stockholders to lose confidence in our reported financial information and our ability to manage our business, which would likely have a negative effect on the trading price of our securities.

The trading price of our common stock has been and is likely to continue to be volatile, and you might not be able to sell your shares at or above the price that you paid for them.

The trading prices of the securities of technology companies have been highly volatile. During fiscal 2023, 2024, our stock price (Nasdaq Global Select Market close price) ranged from \$21.92 \$37.66 per share to \$42.01 \$62.22 per share. The trading price of our common stock is likely to continue to be subject to wide fluctuations. Factors affecting the trading price of our common stock could include:

- variations in our operating results;
- our forecasts and financial guidance for future periods;
- announcements of technological innovations, new products or product enhancements, new product adoptions at semiconductor customers or significant agreements by us or by our competitors;
- reports regarding our ability to bring new products into volume production efficiently;
- the gain or loss of significant orders or customers;
- changes in the estimates of our operating results or changes in recommendations by any securities analysts that elect to follow our common stock;
- rulings on litigation and proceedings;
- seasonality, principally due to our customers' purchasing cycles;
- market and competitive conditions in our industry, the entire semiconductor industry and the economy as a whole;
- recruitment or departure of key personnel;
- announcements of mergers and acquisition transactions and the ability to successfully integrate the business activities of the acquired/merged company; and
- political and global economic instability, including as a result of trade barriers, natural disasters, epidemics and pandemics, military conflicts, climate change, and other factors acting alone or in combination.

In addition, if the market for technology stocks or the stock market in general experiences loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. The trading price of our common stock also might decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In addition, in the past, following periods of volatility in the overall market and the market prices of a particular company's securities, securities class action litigation has often been instituted against that company. Securities litigation, if instituted against us, could result in substantial costs and divert our management's attention and resources from our business. This could have an adverse impact on our business, results of operations and financial condition.

Provisions of our certificate of incorporation and bylaws or Delaware law might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Delaware corporate law and our certificate of incorporation and bylaws contain provisions that could discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions:

- establish a transition from a classified board of directors to a declassified board of directors, such that, until the annual shareholder meeting in 2024, not all members of our board are elected at one time;
- provide that directors may only be removed "for cause" and only with the approval of 66.7% of our stockholders;
- require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorize the issuance of "blank check" preferred stock that our board could issue to increase the number of outstanding shares and to discourage a takeover attempt;
- limit the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of our company. Also, each of our named executive officers and certain other executives of the company have entered into change of control severance agreements, which were approved by our Compensation Committee, which could increase the costs associated with a change of control and thus potentially deter such a transaction.

Item 1B: *Unresolved Staff Comments*

None.

Item 1C: Cybersecurity

Risk Management and Strategy

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats. These risks include, among other things, operational risks; intellectual property theft; fraud; extortion; harm to our employees or customers; violation of applicable privacy or security laws and other litigation and legal risk; and reputational risks.

Manage Material Risks & Integrated Overall Risks

We maintain an incident response plan to coordinate the activities we take to protect against, detect, respond to, mitigate the impact of, and remediate cybersecurity incidents, as well as to comply with applicable legal obligations and mitigate reputational damage.

We have strategically integrated cybersecurity risk management into our broader risk management framework to promote company-wide awareness of the importance of cybersecurity risk management. This integration ensures that cybersecurity considerations are incorporated in our strategic and operational decision-making processes. Our management team works closely with our Information Technology ("IT") team to continuously evaluate and address cybersecurity risks to ensure these efforts are in alignment with our business objectives and operational needs. We have implemented several cybersecurity processes, technologies, and controls to aid in our efforts to identify, assess, and manage material risks, as well as to test and improve our incident response plan. Our approach includes, among other things:

- conducting regular network and endpoint monitoring, vulnerability assessments, and penetration testing to improve our information systems;
- regular cybersecurity training for employees, including management, and conducting regular cybersecurity management and incident training for employees involved in execution of our incident response plan;
- comparing our processes to standards set by the National Institute of Standards and Technology ("NIST");
- leveraging the NIST incident handling framework to help us identify, protect, detect, respond, and recover when there is an actual or potential cybersecurity incident;
- operating threat intelligence processes designed to model and research our adversaries;
- monitoring emerging data protection laws and implementing changes to our processes designed to comply;
- conducting regular phishing email simulations for all employees and all contractors with access to corporate email systems to enhance awareness and responsiveness to such possible threats;
- through policy, practice and contract (as applicable) requiring employees, as well as third-parties who provide services on our behalf, to treat customer information and data with care;
- carrying information security risk insurance that provides protection against the potential losses arising from a cybersecurity incident; and
- leveraging third-party score cards within our supply chain to regularly evaluate and report on our cybersecurity environment, including by integrating certain metrics into our corporate goal setting processes.

These approaches vary in maturity across the business, and we work continually to improve them.

Engage Third Parties on Risk Management

Recognizing the complexity and evolving nature of cybersecurity threats, we engage with a range of external experts, including cybersecurity assessors, consultants, and auditors in evaluating and testing our cybersecurity environment. These partnerships enable us to leverage specialized knowledge and insights, ensuring our cybersecurity strategies and processes are responsive to our identified risks. Our collaboration with these third parties include regular audits, threat assessments, and consultation on security enhancements.

Oversee Third-party Risk

We are aware of and have processes in place to manage and mitigate the risks associated with third-party service providers. As needed in connection with certain third-party providers, we conduct risk-based diligence and assessment before engagement, implement contractual security provisions and maintain ongoing monitoring to ensure compliance with applicable cybersecurity standards or requirements.

Risks from Cybersecurity Threats

We have not experienced any material cybersecurity incidents, and the expenses we have incurred from cybersecurity incidents were immaterial.

Governance

The Board is acutely aware of the critical nature of managing risks associated with cybersecurity threats. The Board has established oversight mechanisms to ensure effective governance in managing risks associated with cybersecurity threats because we recognize the potential significance of these threats to our operational integrity and financial condition.

Board of Directors' Oversight

The Governance and Nominating Committee is central to the Board's oversight of cybersecurity risks and bears the primary responsibility for this domain. The Governance and Nominating Committee and the Board are composed of Board members with diverse expertise including, risk management, technology, and finance, equipping them to oversee cybersecurity risks effectively.

Management's Role Managing Risk

The management team provides comprehensive briefings to the Governance and Nominating Committee of our Board on a regular basis, with a minimum frequency of once per year. These briefings encompass a broad range of topics as discussed in *Reporting to Board of Directors* below.

In addition, the IT team maintains an ongoing dialog with our management team regarding emerging or potential cybersecurity risks. The management team receives updates on any significant developments in the cybersecurity domain, ensuring oversight is proactive and responsive. This involvement ensures that cybersecurity considerations are integrated into our broader strategic objectives.

Risk Management Personnel

Our Chief Information Officer is primarily responsible for the overall assessment, monitoring, and management of our cybersecurity risks. Our Chief Information Officer has over 20 years of experience in information technology and holds a B.S. in accounting and management information systems. Our management team members are responsible for the management of cybersecurity risks within their respective functions. Our management team includes the Chief Financial Officer, Chief Executive Officer, and leaders of our business units and functions. Collectively their backgrounds include a wealth of expertise relevant to their roles.

Monitor Cybersecurity Incidents

The Chief Information Officer and executive management team are informed about the latest developments in cybersecurity, including risk management techniques, as well as significant potential threats, through their ongoing management of and participation in the cybersecurity risk management processes described above. This ongoing knowledge is crucial for the effective prevention, detection, mitigation, and remediation of cybersecurity incidents. The Chief Information Officer implements and oversees processes for the regular monitoring of our information systems. This includes the deployment of security measures and system audits to identify potential vulnerabilities.

Reporting to the Board of Directors

The Chief Information Officer regularly informs the Chief Financial Officer and Chief Executive Officer of critical aspects related to cybersecurity risks and incidents. This ensures that the highest levels of management are kept abreast of the Company's cybersecurity posture and potential risks. The Governance and Nominating Committee receives regular updates from management on cybersecurity risk, including:

- current cybersecurity landscape and emerging threats;
- status of ongoing cybersecurity initiatives and strategies;
- incident reporting and learnings from any cybersecurity events;
- information regarding the effectiveness of the Company's cybersecurity awareness program; and
- compliance with regulatory requirements and industry standards.

In such updates, the Governance and Nominating Committee generally receives materials including a cybersecurity scorecard and other materials indicating current and emerging cybersecurity threat risks and describing our ability to mitigate those risks, and discusses such matters with our Chief Information Officer.

Significant cybersecurity matters, and strategic risk management decisions are escalated to the Board, ensuring that they have comprehensive oversight and can provide guidance on critical cybersecurity matters.

Item 2: *Properties*

Our corporate headquarters, which includes sales, marketing, administration, manufacturing, engineering, and research and development facilities, is located in Livermore, California, United States. Our corporate headquarters comprises a campus of five buildings totaling approximately 259,000 square feet. We presently lease four of the buildings and own one of the buildings. Adjacent to our campus we own approximately 6 acres of vacant land for future expansion. In addition, we lease office, repair and service, manufacturing and/or research and development space both inside and outside of the United States. The leases expire at various times through 2034. We believe that our existing and planned facilities are suitable for our current needs.

Information concerning our properties as of **December 30, 2023** **December 28, 2024** is set forth below:

Location	Principal Use	Segment	Square Footage	Ownership
Livermore, California, United States	Manufacturing	Probe Cards	90,508	Owned
Livermore, California, United States	Corporate headquarters, sales, marketing, administration, product design, manufacturing, service and repair, distribution, research and development	All	168,636	Leased
Thiendorf, Germany	Sales, marketing, administration, manufacturing, service and repair, distribution, research and development	Systems	101,291	Leased
Beaverton, Oregon, United States	Sales, marketing, administration, product design, manufacturing, service and repair, distribution, research and development	Probe Cards	101,205	Leased
Baldwin Park, California, United States	Manufacturing, service and repair, distribution, research and development	Probe Cards	44,000	Leased
Boulder, Colorado, United States	Sales, marketing, administration, manufacturing, distribution, research and development	Systems	34,133	Leased
Carlsbad, California, United States	Sales, product design, administration, manufacturing, service and repair, distribution, research and development	Probe Cards	42,080	Leased
Woburn, Massachusetts, United States	Sales, marketing, administration, manufacturing, distribution, research and development	Systems	26,070	Leased
Jubei Zhubei City, Hsinchu, Taiwan	Sales, administration, product design, field service and repair center	All	25,631 34,892	Leased
Singapore	Sales, administration, product design, service, and field service	All	24,413	Leased
Suzhou, China ⁽¹⁾	Sales, marketing, administration, product design, manufacturing, service and repair, distribution, research and development	All	22,777	Leased
San Jose, California, United States	Sales, marketing, and distribution	Systems	21,489	Leased
Bundang, South Korea	Sales, administration, product design, field service, and repair center	All	17,161	Leased
Yokohama City, Japan	Sales, marketing, administration, product design, manufacturing, service and repair, distribution, research and development	All	16,150	Leased
Munich, Germany	Sales, manufacturing, administration, service and repair, distribution, research and development	Systems	18,786	Leased
Shanghai, China ⁽¹⁾	Sales and service	All	3,348	Leased
Dresden, Germany	Sales and service	All	2,960	Leased
Hiroshima, Japan	Repair center	Probe Cards	1,007	Leased

⁽¹⁾ On February 7, 2024, the Company signed an agreement with Grand Junction Semiconductor Pte. Ltd. to divest its China operations. These leased locations are to be included as part of the divestiture. See Note 19 of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further details.

Item 3: Legal Proceedings

Information with respect to this item may be found under the caption “Legal Matters” in Note 12, 11, *Commitments and Contingencies*, to our consolidated financial statements included herein, which information is incorporated into this Item 3 by reference.

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

Stock Information

Our common stock is listed on The Nasdaq Global Select Market under the symbol “FORM.” As of February 16, 2024 February 14, 2025, there were 115 105 registered holders of record of our common stock, which does not include beneficial owners of stock held in street name (i.e., through a brokerage firm, bank, broker-dealer, trust or other similar organization).

Dividends

No cash dividends have been declared on shares of our common stock, and the Company currently does not intend to pay dividends in the future.

Repurchases of Common Stock

In October 2023, our Board of Directors authorized a program to repurchase up to \$75.0 million of outstanding common stock to offset potential dilution from issuances of our common stock under our employee stock purchase plan and equity incentive plan. This authorization was in addition to the program authorized in May 2022 to repurchase up to \$75.0 million of outstanding common stock that was fully utilized as of December 30, 2023. Under the current stock repurchase program, we may repurchase shares from time to

time on the open market. The pace of repurchase activity will depend on levels of cash generation, the Company's current stock price, and other factors. The program may be modified or discontinued at any time. The current share repurchase program will expire October 2025.

The following table provides information as of **December 30, 2023** **December 28, 2024** with respect to the shares of common stock repurchased during the fourth quarter of fiscal **2023** **2024** pursuant to the foregoing Board authorization.


Period (fiscal months)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares	
			Purchased as Part of Publicly Announced Plans or Programs	Maximum Amount that May Yet Be Purchased Under the Plans or Programs
October 1, 2023 - October 28, 2023	—	\$ —	—	\$ 93,634,446
October 29, 2023 - November 25, 2023	184,464	36.77	184,464	86,851,705
November 26, 2023 - December 30, 2023	351,908	36.99	351,908	73,834,628
	536,372	\$ 36.92	536,372	

Period (fiscal months)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares	
			Purchased as Part of Publicly Announced Plans or Programs	Maximum Amount that May Yet Be Purchased Under the Plans or Programs
September 29, 2024 - October 26, 2024	—	\$ —	—	\$ 36,623,543
October 27, 2024 - November 23, 2024	419,952	38.50	419,952	20,455,378
November 24, 2024 - December 28, 2024	—	—	—	20,455,378
	419,952	\$ 38.50	419,952	

Stock Price Performance Graph

The following graph shows the total stockholder return of an investment of \$100 in cash on **December 29, 2018** **December 28, 2019** through **December 30, 2023** **December 28, 2024** for (1) our common stock, (2) the S&P 500 Index, and (3) the S&P Semiconductors Select Industry Index. All values assume reinvestment of the full amount of all dividends. Stockholder returns over the indicated period are based on historical data and are not necessarily indicative of future stockholder returns.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among FormFactor, Inc., the S&P 500 Index, and the S&P Semiconductors Select Industry Index  2116
*\$100 invested on **December 29, 2018** **December 28, 2019** in stock or index, including reinvestment of dividends.

	Cumulative Total Return				Cumulative Total Return							
	December 29, 2018	December 28, 2019	December 26, 2020	December 25, 2021	December 31, 2022	December 30, 2023	December 28, 2019	December 26, 2020	December 25, 2021	December 31, 2022	December 30, 2023	December 28, 2024
FormFactor, Inc.												
S&P 500 Index												
S&P Semiconductors Select Industry Index												

Item 6: [Reserved]

Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. In addition to historical consolidated financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions as described under the "Note Regarding Forward-Looking Statements" that appears earlier in this Annual Report on Form 10-K. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed under "Item 1A: Risk Factors" and elsewhere in this Annual Report on Form 10-K.

Overview

FormFactor, Inc., headquartered in Livermore, California, is a leading provider of **essential electrical and optical** test and measurement technologies along the full semiconductor product lifecycle - from characterization, modeling, reliability, and design de-bug, to qualification and production test. We provide a broad range of high-performance probe cards, analytical probes, probe stations, **metrology systems**, thermal systems, and cryogenic systems to both semiconductor companies and scientific institutions. Our products provide electrical **and optical** information from a variety of semiconductor and electro-optical devices and integrated circuits from early research, through development, to high-volume production. Customers use our products and services to accelerate profitability by optimizing device performance, reducing scrap, and improving yields.

We operate in two reportable segments consisting of the Probe Cards segment and the Systems segment. Sales of our probe cards and analytical probes are included in the Probe Cards segment, while sales of our probe stations, metrology systems, thermal systems and cryogenic systems are included in the Systems segment.

Our fiscal 2024 financial results reflected our strengthening momentum driven by increasing demand for high bandwidth memory ("HBM") chips utilized in generative artificial intelligence applications. On February 26, 2024, we completed the sale of our China operations, resulting in net consideration received of \$21.4 million and a pre-tax gain of \$20.3 million. With this transaction, we established an exclusive distribution and partnership agreement to continue sales and support of our products in the region (the "China Transaction").

We generated net income of \$69.6 million in fiscal 2024 compared to net income of \$82.4 million in fiscal 2023 compared to and net income of \$50.7 million in fiscal 2022 and 2022. The decrease in net income of \$83.9 million in fiscal 2021. On November 1, 2023, 2024 compared to fiscal 2023 was primarily due to a reduced gain on sale of business with the fiscal 2024 gain from the China Transaction being less than the fiscal 2023 gain from the sale of our FRT business further described below. Excluding the impact of gains in each period, our financial performance was driven by the strengthening of certain areas of the semiconductor industry, which increased demand in some markets within our Probe Cards segment, particularly with demand for HBM chips utilized in generative artificial intelligence applications and the ramp of new mobile application processor designs. While we completed experienced growth in total revenues year over year, the Systems segment was negatively impacted due to the absence of metrology system sales as a result of the sale of our FRT Metrology ("FRT") business. As a result business in the fourth quarter of the transaction, we received aggregate net consideration of \$99.8 million and the transaction resulted in a gain of \$73.0 million, fiscal 2023.

The increase in net income in fiscal 2023 compared to fiscal 2022 was primarily due to the \$73.0 million a gain recognized from the sale of our FRT business, business of \$73.0 million. Apart from this gain, the semiconductor industry weakness that began in the third quarter of fiscal 2022 continued into fiscal 2023, impacting our Probe Cards segment with a \$93.5 million reduction in revenue and the associated decline in gross margins as a result of from the lower operating levels. Despite the overall semiconductor industry weakness that impacted the Probe Cards segment, the Systems segment continued to show showed strength in fiscal 2023 with revenue increasing \$8.7 million, or about 5.6% in, compared to fiscal 2022, since customer driven by our customers' spending for products in this segment is driven by on research and development of next-generation innovation.

The decrease in net income in fiscal 2022 compared to fiscal 2021 was primarily due to decreased revenues, lower margins driven primarily by a less favorable product mix and lower factory utilization, and increased restructuring charges. This was partially offset by a reduction in the amortization of intangibles and in the annual effective tax rate. The first half of fiscal 2022 was strong, producing net income of \$60.1 million with \$401.1 million in revenue at 47.0% gross margins. In the second half of fiscal 2022, revenues declined, mainly within the Probe Cards segment, and mix became less favorable, resulting in a net loss of \$9.4 million with \$346.9 million in revenue at 31.0% gross margins. Despite the decline in total revenues in the second half of fiscal 2022, the Systems segment recognized record revenue levels in the third and fourth quarters of fiscal 2022.

Recent Development

On February 7, 2024, In February 2025, we, signed an agreement together with Grand Junction Semiconductor Pte. Ltd. to divest MBK Partners, a private equity firm, acquired FICT Limited ("FICT") from Advantage Partners Inc. In connection with the acquisition, we obtained a 20% equity interest in FICT, in exchange for funding \$59.6 million of the purchase price. Headquartered in Nagano, Japan, FICT is a provider of semiconductor test and high-performance computing industries with complex multi-layer organic substrates, printed circuit boards, and related leading-edge technologies and services. Under the equity method, upon closing this investment, the investment will be included as a separate item in our China operations Consolidated Balance Sheets and establish an exclusive distribution and partnership agreement to continue sales and support we will record our proportionate share of FICT's net income or loss as a separate item in our products in the region (the "China Transaction"). The China Transaction is expected to close in the first half Consolidated Statements of 2024, Operations.

Fiscal Year

We operate on a 52/53 week fiscal year, whereby the fiscal year ends on the last Saturday of December. The fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022 included 52 weeks, 52 weeks, and 53 weeks (with 14 weeks in the fourth quarter) and 52 weeks, respectively.

Use of Estimates

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses in the reporting period. Our accounting policies are fundamental to understanding our financial condition and results of operations reported in our financial statements and related disclosures. We have identified the following accounting policies as being critical because they require our management to make particularly difficult, subjective and/or complex judgments about the effect of matters that are inherently uncertain. Our management has discussed the development, selection, application and disclosure of these critical accounting policies with the Audit Committee of our Board of Directors.

Inventory Valuation

We state our inventories at the lower of cost (principally standard cost which approximates actual cost on a first in, first out basis) or net realizable value. We regularly assess the value of our inventory and will periodically write down its value for estimated excess inventory and product obsolescence based upon an analysis of existing inventory quantities compared to estimated future consumption. Future consumption is estimated based upon assumptions about how past consumption, recent purchases, backlog and other factors

may indicate future consumption. On a quarterly basis, we review existing inventory quantities in comparison to our past consumption, recent purchases, backlog and other factors to determine what inventory quantities, if any, may not be sellable. Based on this analysis, we record 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 we have excess and/or obsolete inventory.

At the point of loss recognition, a new, lower cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis. Market conditions are subject to change, and demand for our products can fluctuate significantly. Actual consumption of inventories could differ from forecasted demand, and this difference could have a material impact on our gross profit and inventory balances based on additional provisions for excess or obsolete inventories, or a benefit from the sale of inventories previously written down.

Revenue Recognition

Revenue is recognized upon transferring control of products and services, and the amounts recognized reflect the consideration we expect to be entitled to receive in exchange for these products and services. An arrangement may include some or all of the following products and services: probe cards, systems, accessories, engineering services, installation services, service contracts and extended warranty contracts.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. In contracts with multiple performance obligations, we identify each performance obligation and evaluate whether the performance obligation is distinct within the context of the contract at contract inception. Performance obligations that are not distinct at contract inception are combined and accounted for as one unit of account. Generally, the performance obligations in a contract are considered distinct within the context of the contract and are accounted for as separate units of account.

Our products may be customized to our customers' specifications; however, control of our product is typically transferred to the customer at the point in time the product is either shipped or delivered, depending on the terms of the arrangement, as the criteria for over time recognition is not met. In limited circumstances, substantive acceptance by the customer exists which results in the deferral of revenue until acceptance is formally received from the customer. Judgment may be required in determining if the acceptance clause is substantive. In certain instances control of products is transferred to the customer over time based on performance and in those instances we utilize an appropriate input or output measure to determine to what extent control has transferred to the customer. Judgment may be required in determining an appropriate measure of performance.

Installation services are routinely provided to customers purchasing our systems. Installation services are a distinct performance obligation apart from the systems and are recognized in the period they are performed. Service contracts, which include repair and maintenance service contracts, and extended warranty contracts are also distinct performance obligations and are recognized over the contractual service period, which ranges from one to three years. For these service contracts recognized over time, we use the input measure of days elapsed to measure progress.

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. In determining the transaction price, we evaluate whether the price is subject to refund or adjustment to determine the net consideration to which we expect to be entitled. We generally do not grant return privileges, except for defective products during the warranty period. Sales incentives and other programs that we may make available to our customers are considered to be a form of variable consideration, which is estimated in determining the contract's transaction price to be allocated to the performance obligations.

For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation based on its relative stand-alone selling price. The stand-alone selling prices are determined based on observable prices, which are the prices at which we separately sell these products. For items which do not have observable prices, we use our best estimate of the stand-alone selling prices.

We account for tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction (i.e., sales, use, value added) on a net (excluded from revenue) basis.

Results of Operations

In this section, we discuss the results of our operations for the year ended December 30, 2023 December 28, 2024 compared to the year ended December 31, 2022 December 30, 2023. For a discussion of the year ended December 31, 2022 December 30, 2023 compared to the year ended December 25, 2021 December 31, 2022, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 30, 2023.

The following table sets forth our operating results as a percentage of revenues:

		Fiscal 2023	Fiscal 2022		Fiscal 2021		Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenues	Revenues	100.0 %	100.0 %		100.0 %	Revenues	100.0 %	100.0 %	100.0 %
Cost of revenues									
Gross profit									
Operating expenses:	Operating expenses:				Operating expenses:				
Research and development									
Selling, general and administrative									
Total operating expenses									
Total operating expenses									
Total operating expenses									
Gain on sale of business									
Operating income									

Interest income								
Interest expense								
Other income (expense), net	Other income (expense), net	—	0.2	0.1	Other income (expense), net	0.1	—	0.2
Income before income taxes								
Provision for income taxes								
Net income	Net income	12.4 %	6.8 %	10.9 %	Net income	9.1 %	12.4 %	6.8 %

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(In thousands)		(In thousands)			
Probe Cards						
Systems ⁽¹⁾						
Total						

Revenues by Market

[illegible]

Probe
Cards
Markets:
Foundry & Logic

Geographic revenue information is based on the location to which we ship the product. For example, if a certain South Korean customer purchases through their U.S. subsidiary and requests the products to be shipped to an address in South Korea, this sale will be reflected in the revenue for South Korea rather than U.S. United States.

Changes in revenue by geographic region in fiscal 2023 2024 compared to fiscal 2022 2023 were primarily attributable to changes in customer demand, shifts in customer regional manufacturing strategies, particularly with our large multinational customers, and product sales mix. More specifically, mix, and impacts from trade restrictions. Specifically, the changes in revenue by geographic region was attributable to the following:

- Increased demand for our DRAM probe card products, including those for HBM, contributed to the increase in revenues revenue for the United States, and decreases South Korea in revenues for China and Malaysia, were driven principally by a fiscal 2024 compared to fiscal 2023.
- A single large U.S.-based company with operations in these regions that shifted shipments from these regions Malaysia and China to the United States. We expect States that contributed to the trade restrictions fluctuations in revenue for those regions in fiscal 2024 compared to continue to drive multinational customers to concentrate operations in regions other than China, impacting our geographical mix. The decrease in revenues for China was also impacted by lowered fiscal 2023.
- Increased demand from a large Chinese DRAM integrated device manufacturer and contributed to the impact of expanded increase in revenue for China in fiscal 2024 compared to fiscal 2023.
- Expanded export license requirements for the export of advanced U.S. semiconductor technology to China that was imposed by the U.S. government beginning the fourth quarter of fiscal 2022 for exporting advanced U.S. semiconductor technology have caused volatility in the Chinese region over the last two fiscal years, negatively impacting our revenue compared to China. fiscal 2022. These uncertain trade barriers affecting exports and imports between the United States and China contributed requirements have restricted our ability to ship products to the Company's decision region, decreasing demand from domestic China customers. Additionally, these requirements have caused, and continue to proceed with drive, some of our multinational customers to concentrate operations in regions other than China, lowering overall demand for those customers within the China Transaction, region. We anticipate a further reduction in demand in fiscal 2025 due to additional tightening of export controls, which will limit our ability to ship advanced probe cards in the region.

Cost of Revenues and Gross Margins

Cost of revenues consists primarily of manufacturing materials, compensation and benefits, shipping and handling costs, manufacturing-related overhead (including equipment costs, related occupancy, and computer services), warranty adjustments, cost, inventory adjustments (including write-downs for inventory obsolescence), and amortization of certain intangible assets. Our manufacturing operations rely on a limited number of suppliers to provide key components and materials for our products, some of which are a sole source. We order materials and supplies based on backlog and forecasted customer orders. Tooling and setup costs related to changing manufacturing lots at our suppliers are also included in the cost of revenues. We expense all warranty costs, inventory provisions and amortization of certain intangible assets as cost of revenues.

Gross profit and gross margin by segment were as follows (dollars in thousands):

	Fiscal 2024			
	Probe Cards	Systems	Corporate and Other	Total
Gross profit	\$ 259,007	\$ 59,511	\$ (10,595)	\$ 307,923
Gross margin	41.4 %	43.2 %		40.3 %

	Fiscal 2023			
	Probe Cards	Systems	Corporate and Other	Total
Gross profit	\$ 185,392	\$ 84,735	\$ (11,547)	\$ 258,580
Gross margin	37.2 %	51.3 %		39.0 %

	Fiscal 2022			
	Probe Cards	Systems	Corporate and Other	Total
Gross profit	\$ 235,562	\$ 80,937	\$ (20,490)	\$ 296,009
Gross margin	39.8 %	51.7 %		39.6 %

	Fiscal 2021			
	Probe Cards	Systems	Corporate and Other	Total
Gross profit	\$ 279,873	\$ 65,834	\$ (22,940)	\$ 322,767
Gross margin	44.2 %	48.3 %		41.9 %

Probe Cards—Gross profit and gross margin in the Probe Cards segment decreased increased in fiscal 2023 2024 compared to fiscal 2022 2023, primarily due to lower greater revenues and unfavorable more favorable absorption of costs on these lower higher production volumes, volumes. These increases were partially offset by an unfavorable product mix with a higher concentration of lower-margin DRAM product sales and a lower inventory excess concentration of higher-margin Foundry & Logic product sales. For fiscal 2024 compared to fiscal 2023, DRAM revenue was up from 22.9% of Probe Card sales to 36.3% of Probe Card sales, and obsolescence reserves. Foundry & Logic revenue was down from 73.0% of Probe Card sales to 60.9% of Probe Card sales. In general, our DRAM products have lower margins than our Foundry & Logic products.

Systems—Gross profit and gross margin in the Systems segment remained relatively flat in decreased fiscal 2023 2024 compared to fiscal 2022, despite the increase in revenue 2023, primarily as a result of lower revenues, less favorable absorption of costs on lower production volumes, and a less favorable product mix, mix, in part related to the divestiture of the FRT Metrology business, which was completed during the fourth quarter of fiscal 2023.

Corporate and Other—Corporate and Other includes unallocated expenses relating to stock-based compensation expense, amortization of intangible assets, inventory and fixed asset and deferred revenue fair value adjustments due to acquisitions, stock-based compensation, and restructuring charges, net, which are not used in evaluating the results of, or in allocating resources to, our reportable segments. The reduction in Corporate and Other gross loss decreased in fiscal 2023 2024 compared to fiscal 2022, is 2023, primarily due to a reduction in restructuring charges, partially offset by the increase in stock-based compensation expense. In absence of amortization expense associated with our FRT Metrology business, which was sold during the fourth quarter of fiscal 2022, there was \$11.8 million in restructuring charges arising from a change in estimate of excess and obsolete inventories and a headcount reduction targeted at aligning our cost structure with reduced demand levels within the Probe Cards segment. 2023.

Overall—Gross profit and gross margin fluctuate with revenue levels, product mix, selling prices, factory loading and material costs. For fiscal 2023 2024 compared to fiscal 2022, 2023, gross profit and gross margins have decreased on lower revenue levels and unfavorable increased primarily as a result of more favorable absorption of costs on lower production volumes, higher revenues, partially offset by a reduction of restructuring charges, an unfavorable product mix, as described above.

Stock-based compensation expense included in cost of revenues for fiscal 2024 and 2023 was \$7.7 million and 2022 was \$6.9 million and \$3.8 million, respectively. The increase of stock-based compensation in fiscal 2023 2024 compared to fiscal 2022 2023 was driven by an increase in weighted average fair value of awards outstanding and the timing of awards. outstanding.

Research and Development

		Fiscal Year Ended							
		December 30, 2023	December 31, 2022	\$ Change	% Change				
		December 28, 2024	December 30, 2023	\$ Change	% Change				
		(Dollars in thousands)							
		(Dollars in thousands)							
		(Dollars in thousands)							
Research and development	Research and development	\$115,765	\$	\$109,222	\$	\$6,543	6.0	6.0	% development
		\$121,938	\$	\$115,765	\$	\$6,173	5.3	5.3	%
		% of revenues							

		Fiscal Year Ended							
		December 31, 2022	December 25, 2021	\$ Change	% Change				
		December 30, 2023	December 31, 2022	\$ Change	% Change				
		(Dollars in thousands)							
		(Dollars in thousands)							
		(Dollars in thousands)							
Research and development	Research and development	\$109,222	\$	\$100,937	\$	\$8,285	8.2	8.2	% development
		\$115,765	\$	\$109,222	\$	\$6,543	6.0	6.0	%
		% of revenues							

The increase in research and development expense in fiscal 2023 2024 compared to fiscal 2022 2023 was primarily driven by an increase in headcount designed to support our continued investment in technology leadership. Increased stock-based employee compensation depreciation, costs from higher performance-based compensation and general operational costs, also contributed to the increase. These increases were partially offset by lower performance-based compensation and restructuring charges. costs.

The components of this increase were as follows (in thousands):

	Fiscal 2023 2024 compared to Fiscal 2022 2023
Employee compensation costs	\$ 3,861
Stock-based compensation	2,435
Depreciation	892 3,956
General operational costs	562 2,169
Restructuring charges Depreciation	(1,207) (380)
Project material costs	359
Stock-based compensation expense	69
	\$ 6,543 6,173

Stock-based compensation expense included within research and development in fiscal 2024 and 2023 and 2022 was relatively flat at \$10.7 million and \$8.2 million, respectively. The increase of stock-based compensation expense in fiscal 2023 compared to fiscal 2022 was driven by an increase in weighted average fair value of awards outstanding and the timing of awards, both periods.

Selling, General and Administrative

	Fiscal Year Ended			
	December 30, 2023	December 31, 2022	\$ Change	% Change
	December 28, 2024	December 30, 2023	\$ Change	% Change
(Dollars in thousands)				
(Dollars in thousands)				
(Dollars in thousands)				
Selling, general and administrative	\$133,012	\$131,875	\$1,137	0.9 %
	\$141,786	\$133,012	\$8,774	6.6 %
% of revenues	6.6 %	6.6 %		

	Fiscal Year Ended			
	December 31, 2022	December 25, 2021	\$ Change	% Change
	December 30, 2023	December 31, 2022	\$ Change	% Change
(Dollars in thousands)				
(Dollars in thousands)				
(Dollars in thousands)				
Selling, general and administrative	\$131,875	\$123,792	\$8,083	6.5 %
	\$133,012	\$131,875	\$1,137	0.9 %
% of revenues	6.6 %	6.6 %		

The increase in selling, general and administrative expense in fiscal 2023 2024 compared to fiscal 2022 2023 was primarily driven by increased general operating expenses, employee compensation from higher performance-based compensation and increased costs commissions expense from the sale of our FRT business, higher stock-based compensation expense, and higher consulting costs, increased revenues, partially offset by lower employee compensation from decreased headcount and lower performance-based compensation, lower amortization of intangibles, and lower restructuring charges, intangibles.

The components of this overall increase were as follows (in thousands):

	Fiscal 2023 compared to Fiscal 2022	2024
General operating expenses		
Employee compensation costs	\$	2,428
Sale of business		2,407
Stock-based compensation		1,797
Consulting fees		1,339
Restructuring charges	(1,274)	8,303
Amortization of intangibles	(2,396)	(3,005)
Commission expenses		2,431
Employee compensation Consulting fees	(3,164)	753
Stock-based compensation expense		194
General operating expenses		98
	\$	1,137 8,774

Stock-based compensation expense included within selling, general and administrative in fiscal 2024 and 2023 was \$21.3 million and 2022 was \$21.1 million and \$19.3 million, respectively. The increase of stock-based compensation in fiscal 2023 compared to fiscal 2022 was driven by an increase in weighted average fair value of awards outstanding and the timing of awards.

Gain on sale of business

Gain on sale of business represents the gain on the sale of our China operations for \$20.3 million during fiscal 2024 and the gain on the sale of our FRT business for \$73.3 million, of which \$73.0 million was recognized during the fourth quarter of fiscal 2023, 2023 and \$0.3 million was recognized during fiscal 2024. See Note 5, *Divestiture* *Divestitures*, for additional information.

Interest Income and Interest Expense

	Fiscal Year Ended	
	December 28, 2024	December 30, 2023
	(Dollars in thousands)	
Interest Income	\$ 14,111	\$ 7,217
Weighted average balance of cash and investments	\$ 353,191	\$ 248,728
Weighted average yield on cash and investments	4.56 %	3.44 %
Interest Expense	\$ 418	\$ 421
Average debt outstanding	\$ 13,785	\$ 14,848
Weighted average interest rate on debt	2.75 %	2.75 %

Interest income is earned on our cash, cash equivalents, restricted cash and marketable securities. The increase in interest income in fiscal 2023 2024 compared to fiscal 2022 2023 was attributable to an increase in investment yields due to the higher interest rate environment as well as an increased invested balances and higher weighted average invested balance, yield on cash and investments.

Interest expense primarily includes interest on our term loan, interest rate swap derivative contract, and term loan issuance costs amortization charges. The decrease in interest expense in for fiscal 2023 2024 compared to fiscal 2022 2023 was primarily relatively flat. This stability is due to lower outstanding our interest rate swap, which converted the interest rate on our long-term debt balances, to a fixed rate.

Other income (expense), net

Other income (expense), net, includes the effects of foreign currency and various other gains and losses. The decrease increase in Other income (expense), net, in fiscal 2023 2024 compared to fiscal 2022 2023 was primarily attributable to an other than temporary impairment on a debt receivable for \$1.1 million in fiscal 2023 that did not recur in fiscal 2024 and a decrease an increase in foreign exchange gains. Foreign exchange gains for fiscal 2024 and fiscal 2023 were \$1.0 million and \$0.6 million, respectively.

Provision for income taxes

	Fiscal Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
	December 28, 2024	December 30, 2023	December 31, 2022
	(Dollars in thousands)		
	(Dollars in thousands)		

(Dollars in thousands)

Provision for income taxes													
Effective tax rate	Effective tax rate	7.7 %	12.3 %	14.8 %	Effective tax rate	12.3 %	7.7 %	12.3 %					

Provision for income taxes reflects the tax provision on our operations in foreign and U.S. jurisdictions, offset by tax benefits from tax credits and the foreign-derived intangible income ("FDII") deduction. Our effective tax rate may vary from period to period based on changes in estimated taxable income or loss by jurisdiction, changes to the valuation allowance, changes to U.S. federal, state or foreign tax laws, changes in stock-based compensation expense/benefit, future expansion into areas with varying country, state, and local income tax rates, and deductibility of certain costs and expenses by jurisdiction.

The decrease increase in our effective tax rate for the fiscal year ended December 30, 2023, 2024, when compared to the corresponding period in the prior year, was primarily driven by the sale of our FRT business and the related capital gain exclusion for German tax purposes. This significant benefit was offset by other items impacting purposes that impacted fiscal year ended December 30, 2023, that did not repeat in the effective tax rate at a different percentage amount than the prior year due to increased income before taxes in fiscal 2023, current year.

The Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the "CHIPS Act") was signed into law on August 9, 2022. The CHIPS Act provides for various incentives and tax credits, among other items, including the Advanced Manufacturing Investment Credit ("AMIC"), which equals 25% of qualified investments in an advanced manufacturing facility that is placed in service after December 31, 2022. At least a portion of our future capital expenditures and research and development costs will qualify for this credit, which benefits us by allowing us to net the credit received against our costs. The AMIC credit is accounted for outside of ASC 740 as a reduction to the depreciable basis of the assets used in operations and will not have an impact on our effective tax rate.

Beginning in 2022, the U.S. Tax Cuts and Jobs Act of 2017 eliminated the existing option to deduct research and development expenditures and requires taxpayers to amortize such expenditures attributable to domestic and foreign research over five and fifteen years, respectively, pursuant to IRC Section 174. While the capitalization requirement has a negative impact on our cash flows, there are offsetting benefits from the enactment of this provision that we have included in our estimated annual effective tax rate. While it is possible that Congress may defer, modify, or repeal this provision, potentially with retroactive effect, we have no assurance that this provision will be deferred, modified, or repealed. Changes in our tax provisions or an increase in our tax liabilities, whether due to changes in applicable laws and regulations, the interpretation or application thereof, or a final determination of tax audits or litigation or agreements, could have a material adverse effect on our financial position, results of operations and/or cash flows.

Liquidity and Capital Resources

Capital Resources

Our working capital increased to \$473.8 million at December 28, 2024 compared to \$442.7 million at December 30, 2023 compared to \$324.9 million at December 31, 2022.

Cash and cash equivalents primarily consist of deposits held at banks and money market funds, and U.S. treasuries. funds. Marketable securities primarily consist of corporate bonds, U.S. treasuries and agency securities, and commercial paper. We typically invest in highly-rated securities with low probabilities of default. Our investment policy requires investments to be rated single A or better, and limits the types of acceptable investments, issuer concentration and duration of the investment.

Our cash, cash equivalents and marketable securities totaled approximately \$360.0 million at December 28, 2024 compared to \$328.3 million at December 30, 2023 compared to \$238.1 million at December 31, 2022. Based on our historical results of operations, we expect that our cash, cash equivalents, and marketable securities on hand, and the cash we expect to generate from operations, will be sufficient to fund, through at least the next 12 months, our liquidity requirements including those arising from: research and development, capital expenditures, working capital, outstanding commitments, and other liquidity requirements associated with existing operations. However, we cannot be certain that our cash, cash equivalents, and marketable securities on hand, and cash generated from operations, will be available in the future to fund all of our capital and operating requirements. In addition, any future strategic investments and significant acquisitions may require additional cash and capital resources. To the extent necessary, we may consider entering into short and long-term debt obligations, raising cash through a stock issuance, or obtaining new financing facilities, which may not be available on terms favorable to us. If we are unable to obtain sufficient cash or capital to meet our needs on a timely basis and on favorable terms, our business and operations could be materially and adversely affected.

If we are unsuccessful in maintaining or growing our revenues, maintaining or reducing our cost structure, or increasing our available cash through debt or equity financings, our cash, cash equivalents and marketable securities may decline.

We utilize a variety of tax planning and financing strategies in an effort to manage our worldwide cash and deploy funds to locations where they are needed. As part of these strategies, we indefinitely reinvest a portion of our foreign earnings. Should we require additional capital in the United States, we may elect to repatriate indefinitely-reinvested foreign funds or raise capital in the United States.

Cash Flows

	Fiscal Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
	December 28, 2024	December 30, 2023	December 31, 2022
	(Dollars in thousands)		
	(Dollars in thousands)		
	(Dollars in thousands)		

Net cash provided by operating activities
Net cash provided by (used in) investing activities
Net cash used in financing activities

Operating Activities

Net cash provided by operating activities consists of net income for the period, adjusted for certain non-cash items and changes in certain operating assets and liabilities. The \$67.2 million decrease in cash provided by operating activities for fiscal 2023, as compared to fiscal 2022, was primarily related to decreased net income, after adjusting for the impact from the \$73.0 million gain recognized on the sale of our FRT business, and an investment in working capital of \$14.1 million, due primarily to higher accounts receivable and lower deferred revenue that were partially offset by an increase from a deferred grant of \$18.0 million and lower inventories. In January 2023, we received \$18.0 million in cash from a California Competes Grant awarded from the California Governor's Office of Business and Economic Development, subject to job creation and other commitments over a 5-year term. See Note 2, *Government Assistance*, of Notes to Consolidated Financial Statements for additional information.

Net cash provided by operating activities in fiscal 2023 2024 was primarily attributable to net income of \$82.4 million \$69.6 million and net non-cash items of \$14.4 million \$56.6 million, which include partially offset by the increase in net working capital of \$8.7 million. The cash used in net working capital is related to an increase of inventories of \$8.3 million, a decrease in accounts payable of \$8.2 million, and decreased operating lease liabilities of \$7.3 million, partially offset by an increase of other liabilities of \$9.8 million, accrued liabilities of \$3.7 million, and deferred revenue of \$2.7 million. The non-cash expenses consisted of depreciation, amortization, stock-based compensation, and the provision for excess and obsolete inventories, partially offset by the adjustment for the \$73.0 million \$20.6 million gain from the on sale of our FRT business. Net working capital resulted in an outflow of \$32.2 million, primarily related to an increase in accounts receivable of \$23.3 million, a decrease in business and deferred revenues of \$10.2 million, an increase in inventories of \$9.5 million, and a reduction in operating lease liabilities of \$7.6 million, partially offset by an increase from a deferred grant of \$18.0 million. income tax benefits.

Investing Activities

Net cash provided by used in investing activities in fiscal 2023 2024 primarily related to \$101.8 million cash provided by the sale of our FRT business, partially offset by \$56.0 million of cash used \$38.4 million in the acquisition of property, plant and equipment purchases and \$16.7 million \$15.1 million used for the purchase of marketable securities, net of maturities. maturities, partially offset by the \$21.6 million cash provided by the sale of businesses.

Financing Activities

Net cash used in financing activities in fiscal 2023 2024 primarily related to \$19.8 million \$53.3 million used to purchase common stock under our stock repurchase program, \$10.7 million \$20.0 million used to pay tax withholdings for net share settlements of employee equity awards, and \$1.0 million \$1.1 million of principal payments made towards the repayment of our term loan, partially offset by \$8.8 million \$9.7 million of proceeds received from issuances of common stock under our employee stock incentive plans. purchase plan.

Debt

On June 22, 2020, we entered into an \$18.0 million 15-year credit facility loan agreement (the "Building Term Loan") with MUFG Union Bank, National Association ("Union Bank"). The proceeds of the Building Term Loan were used to purchase a building adjacent to our leased facilities in Livermore, California. On May 19, 2023, we amended the Building Term Loan, replacing the benchmark reference rate LIBOR with SOFR, with no change to the amount or timing of contractual cash flows.

The Building Term Loan bears interest at a rate equal to the applicable SOFR rate, plus 0.1148% 0.1145%, plus 1.75% per annum. Interest payments are payable in monthly installments over a fifteen-year period. The interest rate at December 30, 2023 December 28, 2024, before consideration of the interest rate swap, was 7.20% 6.42%.

On March 17, 2020, we entered into an interest rate swap agreement with Union Bank to hedge the interest payments on the Building Term Loan for the notional amount of \$18.0 million. As future levels of LIBOR over the life of the loan were uncertain, we entered into this interest-rate swap agreement to hedge the exposure in interest rate risks associated with movement in LIBOR rates. This agreement was amended on May 19, 2023 to replace the benchmark reference rate LIBOR with SOFR to match the Building Term Loan agreement (as amended). After the amendment, the interest rate swap continues to convert our floating-rate interest into a fixed-rate of 2.75%. As of December 30, 2023 December 28, 2024, the notional amount of the loan that is subject to this interest rate swap was \$14.4 \$13.4 million. See Note 10, 9, *Fair Value*, for additional information.

The obligations under the Building Term Loan are guaranteed by a deed of trust covering certain real property and improvements and certain personal property used in connection therewith. The deed of trust creates a first priority lien or encumbrance on the property with only such exceptions as may be approved by Union Bank in writing.

The Building Term Loan contains covenants customary for financing of this type. As of December 30, 2023 December 28, 2024, the balance outstanding pursuant to the Building Term Loan was \$14.4 million \$13.4 million, and we were in compliance with all covenants under the agreement.

Stock Repurchase Programs

On October 26, 2020, our Board of Directors authorized a two-year program to repurchase up to \$50 million of outstanding common stock to offset potential dilution from issuances of common stock under our stock-based compensation programs. During fiscal 2021 and 2022, we repurchased and retired 622,400 shares of common stock for \$24.0 million and 676,408 shares of common stock for \$26.0 million, respectively, utilizing the remaining shares available for repurchase under the program.

On May 20, 2022, our Board of Directors authorized a two-year program to repurchase up to \$75 million of outstanding common stock to offset potential dilution from issuance of common stock under our stock-based compensation programs. During fiscal 2022 and 2023, we repurchased and retired 1,700,893 shares of common stock for \$56.4 million and 504,352 shares of common stock for \$18.6 million, respectively, utilizing the remaining shares available for repurchase under the program.

On October 30, 2023, our Board of Directors authorized an additional program to repurchase up to \$75 million of outstanding common stock, also with the primary purpose of offsetting potential dilution from issuance of common stock under our stock-based compensation programs. This share repurchase program will expire on October 30, 2025. During fiscal 2023 and 2024, we repurchased and retired 32,020 shares of common stock for \$1.2 million and 1,309,635 shares of common stock for \$53.3 million, respectively, and as of December 30, 2023 \$73.8 million December 28, 2024, \$20.5 million remained available for future repurchases.

Contractual Obligations and Commitments

The following table summarizes our significant contractual commitments to make future payments in cash under contractual obligations as of **December 30, 2023** **December 28, 2024** (in thousands):

	Payments Due In Fiscal Year						Total
	2024	2025	2026	2027	2028	2029 and thereafter	
	2025	2026	2027	2028	2029	2030 and thereafter	Total
Operating leases							
Term loan - principal payments							
Term loan - interest payments ⁽¹⁾							
Total							

⁽¹⁾ Represents our minimum interest payment commitments at **7.20%** **6.42%** per annum, excluding the interest rate swap described in Debt, above.

The table above excludes our gross liability for unrecognized tax benefits and our deferred grant. The gross liability for unrecognized tax benefits was **\$45.6 million** **\$48.4 million** as of **December 30, 2023** **December 28, 2024**. The timing of any payments which could result from these unrecognized tax benefits will depend upon a number of factors and, accordingly, the timing of payment cannot be estimated. The deferred grant was \$18.0 million as of **December 30, 2023**, **December 28, 2024**, and consists of cash received from a **California Competes Grant awarded from the California Governor's Office of Business and Economic Development**. The timing of any potential repayments is dependent upon a number of factors, including the number of employees and capital **investments**, **investments within California over the 5-year term**. Accordingly, the timing of any repayment cannot be estimated.

Indemnification Arrangements

We have entered, and may from time to time in the ordinary course of our business enter, into contractual arrangements with third parties that include indemnification obligations. Under these contractual arrangements, we have agreed to defend, indemnify and/or hold the third party harmless from and against certain liabilities. These arrangements include indemnities in favor of customers in the event that our products or services infringe a third party's intellectual property, or cause property damage or other indemnities in favor of our lessors in connection with facility leasehold liabilities that we may cause. In addition, we have entered into indemnification agreements with our directors and certain of our officers, and our bylaws contain indemnification obligations in favor of our directors, officers and agents. These indemnity arrangements may limit the type of the claim, the total amount that we can be required to pay in connection with the indemnification obligation and the time within which an indemnification claim can be made. The duration of the indemnification obligation may vary, and for most arrangements, survives the agreement term and is indefinite. We believe that substantially all of our indemnity arrangements provide either for limitations on the maximum potential future payments we could be obligated to make, or for limitations on the types of claims and damages we could be obligated to indemnify, or both. However, it is not possible to determine or reasonably estimate the maximum potential amount of future payments under these indemnification obligations due to the varying terms of such obligations, a lack of history of prior indemnification claims, the unique facts and circumstances involved in each particular contractual arrangement and in each potential future claim for indemnification, and the contingency of any potential liabilities upon the occurrence of events that are not reasonably determinable. We have not had any material requests for indemnification under these arrangements. We have not recorded any liabilities for these indemnification arrangements on our Consolidated Balance Sheets as of **December 30, 2023** **December 28, 2024** or **December 31, 2022** **December 30, 2023**.

New Accounting Pronouncements

See Note **18**, **17**, **New/Recent Accounting Pronouncements**, of Notes to Consolidated Financial Statements.

Item 7A: Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Exchange Risk

We conduct certain operations in foreign currencies. We enter into currency forward exchange contracts to hedge a portion, but not all, of existing foreign currency denominated amounts. Gains and losses on these contracts are generally recognized in Other income (expense), net in our Consolidated Statements of Income. Because the effect of movements in currency exchange rates on the currency forward exchange contracts generally offsets the related effect on the underlying items being hedged, these financial instruments are not expected to subject us to risks that would otherwise result from changes in currency exchange rates as of **December 30, 2023** **December 28, 2024**. We do not use derivative financial instruments for trading or speculative purposes.

We recognized a net gain from foreign exchange of **\$0.6 million** **\$1.0 million**, **\$1.1 million** **\$0.6 million**, and **zero** **\$1.1 million** in fiscal **2024**, **2023**, **2022**, and **2021**, **2022**, respectively.

Interest Rate Sensitivity

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio. We invest in a number of securities including U.S. treasuries, U.S. agency discount notes, money market funds, corporate bonds, and commercial paper. We attempt to maintain the safety and preservation of our invested principal funds by limiting default risk, market risk and reinvestment risk. We mitigate default risk by investing in high grade investment securities. By policy, we limit the amount of credit exposure to an issuer, except U.S. treasuries and U.S. agencies.

Our exposure to interest rate risk arising from our Term Loan (see Note 6, *Debt*, of Notes to Consolidated Financial Statements) is insignificant as a result of the interest-rate swap agreement (see Note **9**, **8**, *Derivative Financial Instruments*, of Notes to Consolidated Financial Statements) that we entered into with Union Bank to hedge the interest payments on our Building Term Loan.

We use interest rate derivative instruments to manage certain interest rate exposures. We do not use derivative instruments for trading or speculative purposes. The fair market value of our fixed rate securities may be adversely impacted by increases in interest rates while income earned on floating rate securities may decline as a result of decreases in interest rates. A hypothetical 100 basis-point (one percentage point) increase or decrease in interest rates compared to rates at **December 30, 2023** **December 28, 2024** and **December 31, 2022** **December 30, 2023** would have affected the fair value of our investment portfolio by **\$2.5 million** **\$3.4 million** and **\$2.1 million** **\$2.5 million**, respectively.

Item 8: Financial Statements and Supplementary Data

Consolidated Financial Statements

The consolidated financial statements and supplementary data required by this item are included in the section entitled "Consolidated Financial Statements" of this Annual Report on Form 10-K. See Part VI, Item 15 for a list of our consolidated financial statements.

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

Based on our management's evaluation (with the participation of our principal executive officer and principal financial officer), as of the end of the period covered by this report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")) were effective as of **December 30, 2023** **December 28, 2024** to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth quarter of fiscal **2023** **2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

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. Internal control over financial reporting is a process designed by, or under the supervision of, our principal executive officer and principal financial officer, and effected by our board of directors,

management and other personnel and consultants, 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, and includes those policies and procedures that:

- (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our 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.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of **December 30, 2023** **December 28, 2024**. In making this assessment, our management used the criteria set forth in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the results of this assessment, management has concluded that our internal control over financial reporting was effective as of **December 30, 2023** **December 28, 2024**.

The effectiveness of our internal control over financial reporting as of **December 30, 2023** **December 28, 2024** has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which appears in this Annual Report on Form 10-K.

Limitations on the Effectiveness of Controls

Control systems, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems' objectives are being met. Further, the design of any control systems must reflect the fact that there are resource constraints, and the benefits of all controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Control systems can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any

system of controls is based, in part, on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

CEO and CFO Certifications

We have attached as exhibits to this Annual Report on Form 10-K the certifications of our Chief Executive Officer and Chief Financial Officer, which are required in accordance with the Exchange Act. We recommend that this Item 9A be read in conjunction with the certifications for a more complete understanding of the subject matter presented.

Item 9B: *Other Information*

Insider Trading Arrangements

During the quarter ended ~~December 30, 2023~~ December 28, 2024, none of our directors no director or officers (as defined in Rule 16a-1(f) officer of the Exchange Act) Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as those terms are as each term is defined in Item 408 408(a) of Regulation S-K), except as follows: S-K.

Dr. Mike Slessor, the Company's Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement on November 20, 2023. Under this arrangement, a total of 84,002 shares of our common stock may be sold, subject to certain conditions, after March 1, 2024 and before the arrangement expires on November 5, 2025.

The above arrangement is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act.

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 the proxy statement for our 2024 2025 Annual Meeting of Stockholders under the captions Corporate Governance, Executive Officers, and, if applicable, Delinquent Section 16 16(a) Reports.

Insider Trading Policy

We have adopted an Insider Trading Policy governing the purchase, sale, and other dispositions of our securities by our directors, officers, employees and other individuals associated with us that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations, and listing standards applicable to us. A copy of our Insider Trading Policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

Item 11: *Executive Compensation*

The information required by this item is incorporated by reference to the proxy statement for our 2024 2025 Annual Meeting of Stockholders under the captions Compensation Discussion and Analysis, Executive Compensation and Related Information, Compensation Committee Interlocks and Insider Participation and Report of the Compensation Committee, Committee Report.

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 the proxy statement for our 2024 2025 Annual Meeting of Stockholders under the captions Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, and Equity Compensation Plans.

Item 13: *Certain Relationships and Related Transactions, and Director Independence*

The information required by this item is incorporated by reference to the proxy statement for our 2024 2025 Annual Meeting of Stockholders under the captions Certain Relationships and Related Person Transactions and Independence of Directors.

Item 14: *Principal Accountant Fees and Services*

Our independent registered public accounting firm is KPMG LLP; Portland, Oregon; Auditor Firm ID: 185.

The information required by this item is incorporated by reference to the proxy statement for our 2024 2025 Annual Meeting of Stockholders under the caption Principal Auditor Fees and Services.

PART IV

Item 15: Exhibits and Financial Statement Schedules

Financial Statements and Schedules

The Consolidated Financial Statements, together with the report thereon of KPMG LLP, are included on the pages indicated below:

	Page
Report of Independent Registered Public Accounting Firm	47
Consolidated Balance Sheets as of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023	49
Consolidated Statements of Income for the fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022	50
Consolidated Statements of Comprehensive Income for the fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022	51
Consolidated Statements of Stockholders' Equity for the fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022	52
Consolidated Statements of Cash Flows for the fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022	53
Notes to Consolidated Financial Statements	55

Financial statement schedules have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Item 16: Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No	Date of First Filing	Exhibit Number	
3.1	Certificate of Amendment of Amended and Restated Certificate of Incorporation of FormFactor, Inc.	8-K	000-50307	6/3/2022	3.1	
3.2	Restated Certificate of Incorporation of FormFactor, Inc.	8-K	000-50307	6/3/2022	3.2	
3.3	Amended and Restated By-laws of FormFactor, Inc.	8-K	000-50307	6/3/2022	3.3	
4.1	Specimen Common Stock Certificate	S-1/A	333-86738	5/28/2002	4.01	
4.2	Description of Securities	10-K	000-50307	2/22/2021	4.2	
10.3+	Form of Indemnity Agreement	S-1/A	333-86738	5/28/2002	10.01	
10.4+	Form of Change of Control Severance Agreement	8-K	000-50307	7/26/2022	10.1	
10.9+	Employee Incentive Plan, as amended and restated effective January 25, 2022	—	—	—	—	X
10.10+	Equity Incentive Plan, as amended and restated effective May 27, 2022	DEF 14A	000-50307	4/13/2022	Appendix B	
10.11+	Employee Stock Purchase Plan, as amended and restated May 19, 2023	DEF 14A	000-50307	4/4/2023	Appendix A	
10.12	Pacific Corporate Center Lease (Building 1) by and between Greenville Holding Company LLC (successor to Greenville Investors, L.P.) ("Greenville") and the Registrant dated May 3, 2001	S-1/A	333-86738	6/10/2003	10.18	
10.13	First Amendment to Pacific Corporate Center Lease (Building 1) by and between Greenville and the Registrant dated January 31, 2003	S-1/A	333-86738	5/7/2003	10.18.1	
10.14	Pacific Corporate Center Lease (Building 2) by and between Greenville and the Registrant dated May 3, 2001	S-1/A	333-86738	6/10/2003	10.19	
10.15	First Amendment to Pacific Corporate Center Lease (Building 2) by and between Greenville and the Registrant dated January 31, 2003	S-1/A	333-86738	5/7/2003	10.19.1	
10.16	Pacific Corporate Center Lease (Building 3) by and between Greenville and the Registrant dated May 3, 2001	S-1/A	333-86738	6/10/2003	10.20	
10.17+	First Amendment to Pacific Corporate Center Lease (Building 3) by and between Greenville and the Registrant dated January 31, 2003	S-1/A	333-86738	5/7/2003	10.20.1	

10.18	Third Amendment, dated December 19, 2016, between FormFactor, Inc. and MOHR PCC, LP, to Pacific Corporate Center Leases (Buildings 1, 2 and 3), dated May 3, 2001, by and between Greenville Investors, L.P. and FormFactor, Inc., as amended	8-K	000-50307	12/23/2016	10.2
10.19+	Pacific Corporate Center Lease by and between Greenville and the Registrant dated September 7, 2004, as amended by First Amendment to Building 6 Lease dated August 16, 2006	10-Q	000-50307	11/7/2006	10.01
10.20	Second Amendment, dated December 19, 2016, between FormFactor, Inc. and MOHR PCC, LP, to Pacific Corporate Center Lease, dated October 5, 2004, by and between Greenville Investors, L.P. and FormFactor, Inc., as amended	8-K	000-50307	12/23/2016	10.1
10.21	Third Amendment, dated October 1, 2018, between FormFactor, Inc. and MOHR PCC, LP, to Pacific Corporate Center Lease, dated October 5, 2004, by and between Greenville Investors, L.P. and FormFactor, Inc., as amended	8-K	000-50307	10/2/2018	10.1
10.22	Fourth Amendment, dated October 1, 2018, between FormFactor, Inc. and MOHR PCC, LP, to Pacific Corporate Center Lease, dated October 5, 2004, by and between Greenville Investors, L.P. and FormFactor, Inc., as amended	8-K	000-50307	10/2/2018	10.2
10.27	Rental Agreement by and between Cascade Microtech Dresden GmbH and Süss Grundstücksverwaltungs GbR dated as of June 17, 2011.	10-Q	000-51072	8/10/2011	10.3
10.29	First Amendment to Lease dated January 10, 2007, between Nimbus Center LLC (as successor in interest to Spieker Properties, L.P.) and Cascade Microtech, Inc.	10-Q	000-51072	5/9/2014	10.1
10.30	Second Amendment to Lease dated February 25, 2013, between Nimbus Center LLC and Cascade Microtech, Inc.	10-Q	000-51072	5/8/2013	10.2

Exhibit Number	Exhibit Description	Incorporated by Reference			Exhibit Number	Filed Herewith
		Form	File No	Date of First Filing		
3.1	Certificate of Amendment of Amended and Restated Certificate of Incorporation of FormFactor, Inc.	—	—	—	—	X ***
3.2	Restated Certificate of Incorporation of FormFactor, Inc.	—	—	—	—	X***
3.3	Amended and Restated By-laws of FormFactor, Inc.	8-K	000-50307	6/3/2022	3.3	
4.1	Specimen Common Stock Certificate	S-1/A	333-86738	5/28/2002	4.01	
4.2	Description of Securities	10-K	000-50307	2/22/2021	4.2	
10.1+	FormFactor, Inc. Severance Plan for US Executives	—	—	—	—	X***
10.2+	Form of Indemnity Agreement	S-1/A	333-86738	5/28/2002	10.01	
10.3+	Employee Incentive Plan, as amended and restated effective January 28, 2025	—	—	—	—	X
10.4+	Employee Incentive Plan, as amended and restated effective January 25, 2022	—	—	—	—	X***
10.5+	Equity Incentive Plan, as amended and restated effective May 27, 2022	DEF 14A	000-50307	4/13/2022	Appendix B	
10.6+	Employee Stock Purchase Plan, as amended and restated May 19, 2023	DEF 14A	000-50307	4/4/2023	Appendix A	
10.7	Pacific Corporate Center Lease (Building 1) by and between Greenville Holding Company LLC (successor to Greenville Investors, L.P.) ("Greenville") and the Registrant dated May 3, 2001	S-1/A	333-86738	6/10/2003	10.18	
10.8	First Amendment to Pacific Corporate Center Lease (Building 1) by and between Greenville and the Registrant dated January 31, 2003	S-1/A	333-86738	5/7/2003	10.18.1	
10.9	Pacific Corporate Center Lease (Building 2) by and between Greenville and the Registrant dated May 3, 2001	S-1/A	333-86738	6/10/2003	10.19	
10.10	First Amendment to Pacific Corporate Center Lease (Building 2) by and between Greenville and the Registrant dated January 31, 2003	S-1/A	333-86738	5/7/2003	10.19.1	
10.11	Pacific Corporate Center Lease (Building 3) by and between Greenville and the Registrant dated May 3, 2001	S-1/A	333-86738	6/10/2003	10.20	
10.12	First Amendment to Pacific Corporate Center Lease (Building 3) by and between Greenville and the Registrant dated January 31, 2003	S-1/A	333-86738	5/7/2003	10.20.1	
10.13	Third Amendment, dated December 19, 2016, between FormFactor, Inc. and MOHR PCC, LP, to Pacific Corporate Center Leases (Buildings 1, 2 and 3), dated May 3, 2001, by and between Greenville Investors, L.P. and FormFactor, Inc., as amended	8-K	000-50307	12/23/2016	10.2	

10.14++	Pacific Corporate Center Lease by and between Greenville and the Registrant dated September 7, 2004, as amended by First Amendment to Building 6 Lease dated August 16, 2006	10-Q	000-50307	11/7/2006	10.01
10.15	Second Amendment, dated December 19, 2016, between FormFactor, Inc. and MOHR PCC, LP, to Pacific Corporate Center Lease, dated October 5, 2004, by and between Greenville Investors, L.P. and FormFactor, Inc., as amended	8-K	000-50307	12/23/2016	10.1
10.16	Third Amendment, dated October 1, 2018, between FormFactor, Inc. and MOHR PCC, LP, to Pacific Corporate Center Lease, dated October 5, 2004, by and between Greenville Investors, L.P. and FormFactor, Inc., as amended	8-K	000-50307	10/2/2018	10.1
10.17	Fourth Amendment, dated October 1, 2018, between FormFactor, Inc. and MOHR PCC, LP, to Pacific Corporate Center Lease, dated October 5, 2004, by and between Greenville Investors, L.P. and FormFactor, Inc., as amended	8-K	000-50307	10/2/2018	10.2
10.18	Rental Agreement by and between Cascade Microtech Dresden GmbH and Süß Grundstücksverwaltungs GbR dated as of June 17, 2011.	10-Q	000-51072	8/10/2011	10.3
10.19	First Amendment to Lease dated January 10, 2007, between Nimbus Center LLC (as successor in interest to Spieker Properties, L.P.) and Cascade Microtech, Inc.	10-Q	000-51072	5/9/2014	10.1

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No	Date of First Filing	Exhibit Number	
10.31	Third Amendment to Lease dated January 23, 2014, between Nimbus Center LLC and Cascade Microtech, Inc.	10-Q	000-51072	5/9/2014	10.2	
10.32	Fourth Amendment to Lease dated March 31, 2014, between Nimbus Center LLC and Cascade Microtech, Inc.	10-Q	000-51072	5/9/2014	10.3	
10.33	Fifth Amendment to Lease dated September 24, 2014, between Nimbus Center LLC and Cascade Microtech, Inc.	10-K	000-51072	3/7/2016	10.22	
10.34	Sixth Amendment to Lease dated July 8, 2015, between Nimbus Center LLC and Cascade Microtech, Inc.	10-K	000-51072	3/7/2016	10.23	
10.35	Seventh Amendment to Lease dated June 5, 2018, between Nimbus Center LLC and FormFactor Beaverton, Inc.	10-K	000-50307	2/24/2023	10.35	
10.36	Eighth Amendment to Lease dated December 14, 2022, between Nimbus Center LLC and FormFactor, Inc.	10-K	000-50307	2/24/2023	10.36	
10.37+	Employment Offer Letter, dated August 29, 2012 to Mike Slessor	10-K	000-50307	3/13/2013	10.19+	
10.38+	CEO Change of Control and Severance Agreement, dated July 20, 2022 by and between Mike Slessor and the Registrant	8-K	000-50307	7/26/2022	10.3	
10.39+	Employment Offer Letter, dated February 15, 2018 to Shai Shahar	10-Q	000-50307	5/8/2018	10.1	
10.40+	Change of Control Severance Agreement, dated July 20, 2022 by and between Shai Shahar and the Registrant	8-K	000-50307	7/26/2022	10.2	
10.41	Share Purchase Agreement by and among Camtek, Ltd. as purchaser and FormFactor GmbH as seller and FormFactor, Inc as Parent and FRT GmbH as Company, dated as of September 17, 2023	10-Q	000-50307	11/7/2023	10.01	
21.1	List of Registrant's subsidiaries	—	—	—	—	X
23.1	Consent of Independent Registered Public Accounting Firm - KPMG LLP	—	—	—	—	X
24.1	Power of Attorney (included on the signature page of this Form 10-K)	—	—	—	—	X
31.1	Certification of Chief Executive Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	X
31.2	Certification of Chief Financial Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	X
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	—	X
97.1	Incentive Compensation Clawback Policy, effective October 2, 2023	—	—	—	—	X

101**	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 30, 2023, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.	—	—	—	—	X
101.SCH**	XBRL Taxonomy Extension Schema Document	—	—	—	—	X
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document	—	—	—	—	X
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	—	X
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document	—	—	—	—	X

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No	Date of First Filing	Exhibit Number	
10.20	Second Amendment to Lease dated February 25, 2013, between Nimbus Center LLC and Cascade Microtech, Inc.	10-Q	000-51072	5/8/2013	10.2	
10.21	Third Amendment to Lease dated January 23, 2014, between Nimbus Center LLC and Cascade Microtech, Inc.	10-Q	000-51072	5/9/2014	10.2	
10.22	Fourth Amendment to Lease dated March 31, 2014, between Nimbus Center LLC and Cascade Microtech, Inc.	10-Q	000-51072	5/9/2014	10.3	
10.23	Fifth Amendment to Lease dated September 24, 2014, between Nimbus Center LLC and Cascade Microtech, Inc.	10-K	000-51072	3/7/2016	10.22	
10.24++	Sixth Amendment to Lease dated July 8, 2015, between Nimbus Center LLC and Cascade Microtech, Inc.	10-K	000-51072	3/7/2016	10.23	
10.25	Seventh Amendment to Lease dated June 5, 2018, between Nimbus Center LLC and FormFactor Beaverton, Inc.	10-K	000-50307	2/24/2023	10.35	
10.26	Eighth Amendment to Lease dated December 14, 2022, between Nimbus Center LLC and FormFactor, Inc.	10-K	000-50307	2/24/2023	10.36	
10.27+	Employment Offer Letter, dated August 29, 2012 to Mike Slessor	10-K	000-50307	3/13/2013	10.19+	
10.29+	CEO Change of Control and Severance Agreement, dated November 15, 2024 by and between Mike Slessor and the Registrant	—	—	—	—	X
10.29+	Employment Offer Letter, dated February 15, 2018 to Shai Shahar	10-Q	000-50307	5/8/2018	10.1	
10.30+	Change of Control Severance Agreement, dated July 20, 2022 by and between Shai Shahar and the Registrant	8-K	000-50307	7/26/2022	10.2	
10.31++##	Share Purchase Agreement by and among Camtek, Ltd. as purchaser and FormFactor GmbH as seller and FormFactor, Inc as Parent and FRT GmbH as Company, dated as of September 17, 2023	—	—	—	—	X***
19.1	Insider Trading Policy	—	—	—	—	X
21.1	List of Registrant's subsidiaries	—	—	—	—	X
23.1	Consent of Independent Registered Public Accounting Firm - KPMG LLP	—	—	—	—	X
24.1	Power of Attorney (included on the signature page of this Form 10-K)	—	—	—	—	X
31.1	Certification of Chief Executive Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	X
31.2	Certification of Chief Financial Officer pursuant to 15 U.S.C. Section 7241, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	—	X
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	—	X
97.1	Incentive Compensation Clawback Policy, effective October 2, 2023	—	—	—	—	X***
101**	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 28, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.	—	—	—	—	X
101.SCH**	XBRL Taxonomy Extension Schema Document	—	—	—	—	X
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document	—	—	—	—	X
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	—	X
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document	—	—	—	—	X

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File No	Date of First Filing	Exhibit Number	Filed Herewith
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document	—	—	—	—	X
104	The cover page from the Company's Annual Report on Form 10-K for the year ended December 30, 2023 December 28, 2024 , formatted in Inline XBRL (included as Exhibit 101).	—	—	—	—	X

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

*** Exhibit is refiled to correct a formatting error in the previously filed version.

+ Indicates a management contract or compensatory plan or arrangement.

++ The schedules, exhibits, and annexes to this exhibit have been omitted in reliance on Item 601(a)(5) of Regulation S-K and will be furnished supplementally to the SEC upon request.

Certain information identified by bracketed asterisks ([**]) has been omitted from this exhibit pursuant to Item 601(b)(10)(iv) of Regulation S-K because it is both (i) not material and (ii) the type that the Registrant treats as private or confidential.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FORMFACTOR, INC.

Date: February 23, 2024 21, 2025

By:

/s/ SHAI SHAHAR

Shai Shahar
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MICHAEL D. SLESSOR Michael D. Slessor	President, Chief Executive Officer and Director (Principal Executive Officer)	February 23, 2024 21, 2025
/s/ SHAI SHAHAR Shai Shahar	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 23, 2024 21, 2025
/s/ THOMAS ST. DENNIS Thomas St. Dennis	Director	February 23, 2024 21, 2025
/s/ LOTHAR MAIERKEVIN BREWER Lothar MaierKevin Brewer	Director	February 23, 2024 21, 2025
/s/ REBECA OBREGON-JIMENEZ Rebeca Obregon-Jimenez	Director	February 23, 2024 21, 2025
/s/ SHERI RHODES Sheri Rhodes	Director	February 23, 2024 21, 2025
/s/ KELLEY STEVEN-WAISS Kelley Steven-Waiss	Director	February 23, 2024 21, 2025
/s/ JORGE TITINGER Jorge Titinger	Director	February 23, 2024 21, 2025
/s/ BRIAN WHITE Brian White	Director	February 23, 2024 21, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
FormFactor, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of FormFactor, Inc. and subsidiaries (the Company) as of **December 30, 2023** **December 28, 2024** and **December 31, 2022** **December 30, 2023**, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended **December 30, 2023** **December 28, 2024**, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of **December 30, 2023** **December 28, 2024**, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of **December 30, 2023** **December 28, 2024** and **December 31, 2022** **December 30, 2023**, and the results of its operations and its cash flows for each of the years in the three-year period ended **December 30, 2023** **December 28, 2024**, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **December 30, 2023** **December 28, 2024** based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (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.

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 inventory excess and obsolescence

As discussed in notes 2 and 3 to the consolidated financial statements, the Company's net inventories were **\$111.7 million** **\$101.7 million** as of **December 30, 2023** **December 28, 2024**, and inventory write-downs totaled **\$15.0 million** **\$12.3 million** for the year ended **December 30, 2023** **December 28, 2024**. 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 the excess and/or obsolete inventory is based on an analysis of existing inventory quantities compared to estimated future consumption. Future consumption is estimated based upon assumptions about how past consumption, recent purchases, backlog or other factors indicate future consumption.

We identified the evaluation of inventory excess and obsolescence as a critical audit matter. Complex auditor judgment was required to evaluate certain assumptions used to estimate future consumption of inventory in the Company's model, specifically **assumptions and** qualitative other factors that have a **high higher** degree of subjectivity and are based on the outcome of uncertain future events.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's process to estimate inventory excess and obsolescence. This included controls related to the development of certain assumptions used to estimate future consumption of inventory, including qualitative other factors. We assessed the Company's assumptions used to estimate future consumption of inventory, including qualitative other factors by:

- evaluating historical cumulative write down trends and relevant changes to the overall business environment, including key customers and product lines
- evaluating the Company's ability to accurately estimate future consumption by comparing certain assumptions made in the prior year to actual results in the subsequent current period
- performing inquiries with nonfinancial personnel, including sales and production employees, for a selection of products within inventory for which the Company recorded an adjustment to the cost basis evaluated excess and obsolescence based on assumptions or qualitative other factors with a higher degree of subjectivity
- selecting a sample of products within inventory for which the Company recorded an adjustment to the cost basis based on qualitative other factors and for each sample selection, we inspected internal and/or external information underlying the qualitative other factors Company's evaluation of excess and obsolescence and recalculated the Company's estimate of the cumulative inventory write-downs based on the actual quantity of product on hand compared to the estimate of future consumption.

/s/ KPMG LLP

We have served as the Company's auditor since 2013.

Portland, Oregon
February 23, 2024 21, 2025

FORMFACTOR, INC.		
CONSOLIDATED BALANCE SHEETS		
	December 30, 2023	December 31, 2022
	December 28, 2024	December 30, 2023
	(In thousands, except share and per share data)	(In thousands, except share and per share data)
ASSETS	ASSETS	ASSETS
Current assets:	Current assets:	Current assets:
Cash and cash equivalents		
Marketable securities		
Accounts receivable, net		
Inventories, net		
Restricted cash		
Prepaid expenses and other current assets		
Prepaid expenses and other current assets		
Prepaid expenses and other current assets		
Total current assets		
Restricted cash		
Operating lease, right-of-use-assets		
Property, plant and equipment, net		
Property, plant and equipment, net of accumulated depreciation		
Goodwill		
Intangibles, net		
Deferred tax assets		
Other assets		
Total assets		
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY
Current liabilities:	Current liabilities:	Current liabilities:
Accounts payable		
Accrued liabilities		
Current portion of term loans, net of unamortized issuance cost of \$5 and \$5		

Current portion of term loan, net of unamortized issuance cost of \$5 and \$5		
Deferred revenue		
Operating lease liabilities		
Total current liabilities		
Term loans, less current portion, net of unamortized issuance cost of \$55 and \$60		
Deferred tax liabilities		
Term loan, less current portion, net of unamortized issuance cost of \$49 and \$55		
Long-term operating lease liabilities		
Long-term operating lease liabilities		
Long-term operating lease liabilities		
Deferred grant		
Other liabilities		
Total liabilities		
Stockholders' equity:		
Stockholders' equity:		
Stockholders' equity:		
Preferred stock, \$0.001 par value:	Preferred stock, \$0.001 par value:	Preferred stock, \$0.001 par value:
10,000,000 shares authorized; no shares issued and outstanding		
Common stock, \$0.001 par value:	Common stock, \$0.001 par value:	Common stock, \$0.001 par value:
250,000,000 shares authorized; 77,376,903 and 76,914,590 shares issued and outstanding		
250,000,000 shares authorized; 77,114,633 and 77,376,903 shares issued and outstanding		
Additional paid-in capital		
Accumulated other comprehensive loss		
Accumulated income (deficit)		
Accumulated income		
Total stockholders' equity		
Total liabilities and stockholders' equity		

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

FORMFACTOR, INC.

CONSOLIDATED STATEMENTS OF INCOME

CONSOLIDATED STATEMENTS OF INCOME						
	Fiscal Year Ended		Fiscal Year Ended			
	December 30, 2023	December 31, 2022	December 25, 2021	December 28, 2024	December 30, 2023	December 31, 2022
	(In thousands, except per share data)		(In thousands, except per share data)			
Revenues						
Cost of revenues						
Gross profit						
Operating expenses:	Operating expenses:		Operating expenses:			
Research and development						
Selling, general and administrative						
Total operating expenses						
Total operating expenses						
Total operating expenses						
Gain on sale of business						
Operating income						

Interest income		
Interest expense		
Other income (expense), net		
Income before income taxes		
Provision for income taxes		
Net income		
Net income per share:	Net income per share:	Net income per share:
Basic		
Diluted		
Weighted-average number of shares used in per share calculations:	Weighted-average number of shares used in per share calculations:	Weighted-average number of shares used in per share calculations:
Basic		
Diluted		

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

FORMFACTOR, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
	December 28, 2024	December 30, 2023	December 31, 2022
	(In thousands)	(In thousands)	(In thousands)
Net income			
Other comprehensive income (loss), net of tax:			
Translation adjustments			
Translation adjustments			
Translation adjustments			
Unrealized gains (losses) on available-for-sale marketable securities			
Unrealized gains (losses) on derivative instruments			
Other comprehensive income (loss), net of tax			
Comprehensive income			

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

FORMFACTOR, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY														
	Common Stock				Total Amount	Common Stock				Total			Total Shares	Amount
	Shares	Additional Paid-in Capital	Other Comprehensive Income (Loss)	Accumulated Income (Deficit)		Additional Paid-in Capital	Additional Paid-in Capital	Other Comprehensive Loss	Accumulated Income (Deficit)		Additional Paid-in Capital	Other Comprehensive Loss		
	(In thousands, except shares)				(In thousands, except shares)									
Balances, December 26, 2020														
Issuance of common stock under the Employee Stock Purchase Plan														
Issuance of common stock pursuant to exercise of options for cash														

Issuance of common stock pursuant to vesting of restricted stock units, net of stock withheld for tax
Purchase and retirement of common stock
Stock-based compensation
Other comprehensive loss
Net income

Balances, December 25, 2021

Issuance of common stock under the Employee Stock Purchase Plan

Issuance of common stock pursuant to exercise of options for cash

Issuance of common stock pursuant to vesting of restricted stock units, net of stock withheld for tax

Purchase and retirement of common stock

Stock-based compensation

Other comprehensive loss

Net income

Balances, December 31, 2022

Issuance of common stock under the Employee Stock Purchase Plan

Issuance of common stock pursuant to vesting of restricted stock units, net of stock withheld for tax

Issuance of common stock pursuant to vesting of restricted stock units, net of stock withheld for tax

Issuance of common stock pursuant to vesting of restricted stock units, net of stock withheld for tax

Purchase and retirement of common stock

Stock-based compensation

Other comprehensive income

Net income

Balances, December 30, 2023

Issuance of common stock under the Employee Stock Purchase Plan

Issuance of common stock pursuant to vesting of restricted stock units, net of stock withheld for tax
Purchase and retirement of common stock
Stock-based compensation
Other comprehensive loss
Net income
Balances, December 28, 2024

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

FORMFACTOR, INC.						
CONSOLIDATED STATEMENTS OF CASH FLOWS						
	Fiscal Year Ended		Twelve Months Ended			
	December 30, 2023	December 31, 2022	December 25, 2021	December 28, 2024	December 30, 2023	December 31, 2022
	(In thousands)		(In thousands)			
Cash flows from operating activities:	Cash flows from operating activities:		Cash flows from operating activities:			
Net income						
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation						
Amortization						
Amortization (accretion) of discount on investments						
Reduction in the carrying amount of right-of-use assets						
Stock-based compensation expense						
Deferred income tax provision (benefit)						
Deferred income tax provision (benefit)						
Deferred income tax provision (benefit)						
Deferred income tax benefit						
Deferred income tax benefit						
Deferred income tax benefit						
Gain on sale of business						
Provision for excess and obsolete inventories						
Acquired inventory step-up amortization						
Loss on disposal of long-lived assets						
Non-cash restructuring charges						
Gain on contingent consideration						
Foreign currency transaction losses						
Foreign currency transaction losses						
Foreign currency transaction losses						
Other than temporary impairment on debt receivable						
Changes in assets and liabilities:						
Accounts receivable						
Accounts receivable						
Accounts receivable						

Inventories		
Prepaid expenses and other current assets		
Other assets		
Other assets		
Other assets		
Accounts payable		
Accrued liabilities		
Other liabilities		
Other liabilities		
Other liabilities		
Deferred revenues		
Deferred grant		
Operating lease liabilities		
Net cash provided by operating activities		
Cash flows from investing activities:	Cash flows from investing activities:	Cash flows from investing activities:
Acquisition of property, plant and equipment		
Acquisition of business, net of cash acquired		
Proceeds from sale of business		
Purchase of promissory note receivable		
Purchases of marketable securities		
Proceeds from maturities of marketable securities		
Proceeds from maturities and sales of marketable securities		
Net cash provided by (used in) investing activities		
Net cash provided by (used in) investing activities		
Net cash provided by (used in) investing activities		
Cash flows from financing activities:	Cash flows from financing activities:	Cash flows from financing activities:
Proceeds from issuances of common stock		
Purchase of common stock through stock repurchase program		
Tax withholdings related to net share settlements of equity awards		
Payments on term loan		
Payments on term loan		
Payments on term loan		
Payment of contingent consideration		
Payment of contingent consideration		
Payment of contingent consideration		
Net cash used in financing activities		
Net cash used in financing activities		
Net cash used in financing activities		
Effect of exchange rate changes on cash, cash equivalents and restricted cash		
Net increase (decrease) in cash, cash equivalents and restricted cash		
Cash, cash equivalents and restricted cash, beginning of year		

Cash, cash equivalents and restricted cash,
end of year

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

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

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

FORMFACTOR, INC.		
FORMFACTOR, INC.		
FORMFACTOR, INC.		
CONSOLIDATED STATEMENTS OF CASH FLOWS		
Fiscal Year Ended		
Fiscal Year Ended		
Fiscal Year Ended		
	December	December
	30, 2023	31, 2022
		December
		25, 2021
	December	December
	28, 2024	30, 2023
		December
		31, 2022
(In thousands)		
(In thousands)		
(In thousands)		
Supplemental disclosure of non-cash investing and financing activities:	Supplemental disclosure of non-cash investing and financing activities:	Supplemental disclosure of non-cash investing and financing activities:
Operating lease, right-of-use assets obtained in exchange for lease obligations		
Increase (decrease) in accounts payable and accrued liabilities related to property, plant and equipment purchases		
Increase (decrease) in accounts payable and accrued liabilities related to property, plant and equipment purchases		
Increase (decrease) in accounts payable and accrued liabilities related to property, plant and equipment purchases		
Supplemental disclosure of cash flow information:		
Supplemental disclosure of cash flow information:		
Supplemental disclosure of cash flow information:		
Income taxes paid, net		
Cash paid for interest, net		
Cash paid for income taxes, net		
Cash paid for interest		
Operating cash outflows from operating leases		
Reconciliation of cash, cash equivalents and restricted cash:		
Reconciliation of cash, cash equivalents and restricted cash:		
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Restricted cash, current		
Restricted cash		
Total cash, cash equivalents and restricted cash		
The accompanying notes are an integral part of these consolidated financial statements.		

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Formation and Nature of Business

FormFactor, Inc. is a leading provider of essential electrical and optical test and measurement technologies along the full semiconductor product lifecycle - from characterization, modeling, reliability, and design de-bug, to qualification and production test. We provide a broad range of high-performance probe cards, analytical probes, probe stations, metrology systems, thermal systems, and cryogenic systems to both semiconductor companies and scientific institutions. Our products provide electrical and optical information from a variety of semiconductor and electro-optical devices and integrated circuits from early research, through development, to high-volume production. Customers use our products and services to accelerate profitability by optimizing device performance, reducing scrap, and improving yields.

Design, development and manufacturing operations are located in Livermore, Carlsbad, and Baldwin Park, California; Beaverton, Oregon; Boulder, Colorado; and Woburn, Massachusetts, all in the United States; Munich and Thiendorf, Germany, and sales, service and support operations are located in the United States, Germany, France, Italy, South Korea, Japan, Taiwan, China and Singapore. We also have smaller manufacturing operations in Yokohama, Japan.

Fiscal Year

Our fiscal year ends on the last Saturday in December. The fiscal years ended on December 30, 2023, December 28, 2024, December 31, 2022, December 30, 2023 and December 25, 2021, December 31, 2022 consisted of 52 weeks, 53 52 weeks, and 52 53 weeks, respectively. The first three fiscal quarters in our fiscal year ended December 31, 2022 contained 13 weeks, and the fourth fiscal quarter contained 14 weeks.

Note 2—Summary of Significant Accounting Policies

Basis of Consolidation and Foreign Currency Translation

The consolidated financial statements include our accounts and those of our wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

The functional currencies of certain of our foreign subsidiaries are the local currencies and, accordingly, all assets and liabilities of these foreign operations are translated to U.S. Dollars at current period-end exchange rates, and revenues and expenses are translated to U.S. Dollars using average exchange rates in effect during the period. The gains and losses from the foreign currency translation of these subsidiaries' financial statements are included as a separate component of stockholders' equity on our Consolidated Balance Sheets under within Accumulated other comprehensive loss.

Certain other of our foreign subsidiaries use the U.S. Dollar as their functional currency. Accordingly, monetary assets and liabilities in non-functional currencies of these subsidiaries are remeasured using exchange rates in effect at the end of the period. Revenues and costs in local currency are remeasured using average exchange rates for the period, except for costs related to those balance sheet items that are remeasured using historical exchange rates. The resulting remeasurement gains and losses are included in the Consolidated Statements of Income as a component of Other income (expense), net as incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates may change as new information is obtained. We believe that the estimates, assumptions and judgments involved in revenue recognition, fair value of marketable securities, fair value of derivative financial instruments used to hedge both foreign currency and interest rate exposures, allowance for credit losses, reserves for product warranty, valuation of obsolete and slow moving inventory, assets acquired and liabilities assumed in business combinations, legal contingencies, valuation of goodwill, the assessment of recoverability of long-lived assets, valuation and recognition of stock-based compensation, loss contingencies, provision for income taxes and valuation of deferred tax assets have the greatest potential impact on our consolidated financial statements. Actual results could differ from those estimates.

Business Acquisitions

Our consolidated financial statements include the operations of acquired businesses after the completion of their respective acquisitions. We account for acquired businesses using the acquisition method of accounting, which requires, among other things, that assets acquired and liabilities assumed be recognized at their estimated fair values as of the acquisition date, and

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

that the fair value of acquired intangibles be recorded on the balance sheet. Transaction costs are expensed as incurred. Any excess of the purchase price over the assigned fair values of the net assets acquired is recorded as 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 available-for-sale marketable securities as current assets because they represent investments of cash available for current operations. As a result, the Company recorded all its marketable securities in short-term investments regardless of the contractual maturity date of the securities. Furthermore, we report them at fair value with the related unrealized gains and losses included in Accumulated other comprehensive loss in our Consolidated Balance Sheets. Any unrealized losses which are considered to be other-than-temporary are recorded in Other income (expense), net, in the Consolidated Statements of Income. Realized gains and losses on the sale of marketable securities are determined using the specific-identification method and recorded in Other income (expense), net, in the Consolidated Statements of Income.

All of our 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 loss in our Consolidated Balance Sheets. We did not record an allowance for credit losses related to our available-for-sale investments during fiscal 2023, 2024.

Foreign Exchange Management

We transact business in various foreign currencies. We enter into forward foreign exchange contracts in an effort to mitigate the risks associated with currency fluctuations on certain foreign currency balance sheet exposures and certain operational costs denominated in local currency impacting our statement of income. For accounting purposes, certain of our foreign currency forward contracts are not designated as hedging instruments and, accordingly, we record the fair value of these contracts as of the end of our reporting period in our Consolidated Balance Sheets with changes in fair value recorded within Other income (expense), net in our Consolidated Statements of Income for both realized and unrealized gains and losses. Certain of our foreign currency forward contracts are designated as cash flow hedges, and, accordingly, we record the fair value of these contracts as of the end of our reporting period in our Consolidated Balance Sheets with changes in fair value recorded as a component of Accumulated other comprehensive loss and reclassified into earnings in the same period in which the hedged transaction affects earnings, and in the same line item on the Consolidated Statements of Income as the impact of the hedge transaction. We do not use derivative financial instruments for trading or speculative purposes.

Accounts Receivable and Allowance for Credit Losses

The majority of our accounts receivable are derived from sales to large multinational semiconductor manufacturers throughout the world, are recorded at their invoiced amount, and do not bear interest.

In order to monitor potential credit losses, we perform ongoing credit evaluations of our customers' financial condition. An allowance for credit losses is maintained based upon our assessment of the expected collectability of all accounts receivable. The allowance for credit losses is reviewed and assessed for adequacy on a quarterly basis. We take into consideration (1) any circumstances of which we are aware of a customer's inability to meet its financial obligations and (2) our judgments as to prevailing economic conditions in the industry and their impact on our customers. If circumstances change, and the financial condition of our customers is adversely affected and they are unable to meet their financial obligations, we may need to take additional allowances, which would result in an increase in our operating expense.

Activity related to our allowance for credit losses was as follows (in thousands):

	Fiscal Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
	December 28, 2024	December 30, 2023	December 31, 2022
Balance at beginning of year			
Charges (reversals) to costs and expenses			
Write-offs			
Balance at end of year			

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Inventories

We state our inventories at the lower of cost (principally standard cost which approximates actual cost on a first in, first out basis) or net realizable value. We regularly assess the value of our inventory and will periodically write down its value for

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

estimated excess inventory and product obsolescence based upon an analysis of existing inventory quantities compared to estimated future consumption. Future consumption is estimated based upon assumptions about how past consumption, recent purchases, backlog and other factors may indicate future consumption. On a quarterly basis, we review existing inventory quantities in comparison to our past consumption, recent purchases, backlog and other factors to determine what inventory quantities, if any, may not be sellable. Based on this analysis, we record 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 we have excess and/or obsolete inventory. Once the value is adjusted, the original cost of our inventory, less the related inventory write-down, represents the new cost basis. Reversal of these write downs is recognized only when the related inventory has been scrapped or sold. Shipping and handling costs are classified as a component of Cost of revenues in the Consolidated Statements of Income.

We design, manufacture and sell a custom product into a market that has been subject to cyclicity and significant demand fluctuations. Many of our products are complex, custom to a specific chip design and have to be delivered on short lead-times. Probe cards are manufactured in low volumes, but, for certain materials, the purchases are often subject to minimum order quantities in excess of the actual underlying probe card demand. It is not uncommon for us to acquire production materials and commence production activities based on estimated production yields and forecasted demand prior to, or in excess of, actual demand for our probe cards. These factors result in normal recurring inventory valuation charges to Cost of revenues.

Inventory write downs totaled \$12.3 million, \$15.0 million \$24.6 million and \$15.5 \$24.6 million for fiscal 2024, 2023 2022 and 2021, 2022, respectively.

Restricted Cash

Restricted cash is comprised primarily of funds held in escrow as required by the divestiture of our China Operations and funds held by our foreign subsidiaries for employee obligations, office leases, environmental remediation, and temporary customs import permits, and customer deposits.

Property, Plant, and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and amortization. Depreciation is recorded on a straight-line method. Machinery and equipment, computer equipment and software, and furniture and fixtures are depreciated over 3 to 5 years. Leasehold improvements are amortized over 7 years. Building and building improvements are depreciated over 30 years. Construction-in-progress assets are not depreciated until the assets are placed in service. Upon sale or retirement of assets, the cost

and related accumulated depreciation or amortization are removed from the Consolidated Balance Sheets and the resulting gain or loss, if any, is reflected in Operating income in our Consolidated Statements of Income.

Leases

The Company determines if an arrangement is a lease at its inception. Right-of-use ("ROU") assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. We use our estimated incremental borrowing rate in determining the present value of lease payments considering the term of the lease, which is derived from information available at the lease commencement date. The lease term includes renewal options when it is reasonably certain that the option will be exercised and excludes termination options. To the extent that the Company's agreements have variable lease payments, the Company includes variable lease payments that depend on an index or a rate and excludes those that depend on facts or circumstances occurring after the commencement date, other than the passage of time.

Lease expense for these leases is recognized on a straight-line basis over the lease term. We have elected not to recognize ROU assets and lease liabilities that arise from short-term leases for any class of underlying asset. Operating leases are included in Operating lease, right-of-use-assets, Operating lease liabilities, and Long-term operating lease liabilities in our Consolidated Balance Sheets.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed. Goodwill is not amortized, rather assessed, at least annually, for impairment at a reporting unit level. Impairment of goodwill exists when the carrying amount of a reporting unit exceeds its fair value. A goodwill impairment loss is recognized for the amount that the carrying amount of the reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. If the fair value of a reporting unit exceeds the carrying amount, goodwill of the reporting unit is not considered impaired.

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We evaluate impairment by first assessing qualitative factors to determine whether it is necessary to perform a quantitative impairment test. If we determine, as a result of the qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the quantitative impairment test is required. Otherwise, no further testing is required.

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We perform our annual goodwill impairment test in the fourth quarter of each year by assessing qualitative factors, including, but not limited to, an assessment of our market capitalization, which was significantly higher than our book value. Based on these tests, we determined that the quantitative impairment test was not required and no impairment charges were recorded in fiscal 2024, 2023 2022 or 2021, 2022.

The evaluation of goodwill for impairment requires the exercise of judgment. In the event of future changes in business conditions, we will be required to reassess and update our forecasts and estimates used in future impairment analysis. If the results of these analysis are lower than current estimates, a material impairment charge may result at that time.

See Note 11, 10, *Goodwill and Intangible Assets*, for additional information.

Intangible Assets

Intangible assets consist of acquisition related intangible assets and intellectual property. The intangible assets are being amortized over periods of 1 to 10 years, which reflect the pattern in which economic benefits of the assets are expected to be realized. We perform a review of intangible assets when facts and circumstances indicate that the useful life is shorter than originally estimated or that the carrying amount of assets may not be recoverable. Such facts and circumstances include significant adverse changes in the business climate or legal factors; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the intangible assets; and current expectation that the intangible assets will more likely than not be sold or disposed of before the end of their estimated useful lives. We assess the recoverability of identified intangible assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets.

See Note 11, 10, *Goodwill and Intangible Assets*, for additional information.

Impairment of Long-Lived Assets

We test long-lived assets or asset groups, such as property, plant and equipment and intangible assets, for recoverability when events or changes in circumstances indicate that their carrying amounts may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed of before the end of its estimated useful life.

Recoverability is assessed based on the carrying amounts of the asset or asset group and the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents, marketable securities and accounts receivable. Our cash equivalents and marketable securities are held in safekeeping by large, credit-worthy financial institutions. We invest our excess cash primarily in U.S. banks, government and agency bonds, money market funds and corporate obligations. We have established guidelines relative to credit ratings, diversification and maturities that seek to maintain safety

and liquidity. Deposits in these banks may exceed the amounts of insurance provided on such deposits. To date, we have not experienced any losses on our deposits of cash and cash equivalents. We market and sell our products to a relatively narrow base of customers and generally do not require collateral.

The following customers represented 10% or more of our revenues:

	Fiscal Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Intel Corporation	17.1 %	19.0 %	20.4 %
Samsung Electronics Co., LTD.	*	*	11.4 %

* Less than 10% of revenues.

FORMFACTOR, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following customers represented 10% or more of our revenues:

	Fiscal Year Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
SK hynix Inc.	18.9 %	*	*
Intel Corporation	14.6 %	17.1 %	19.0 %

* Less than 10% of revenues.

At December 28, 2024, one customer accounted for 22.0% of gross accounts receivable. At December 30, 2023, two customers accounted for 17.8% and 11.0% of gross accounts receivable. At December 31, 2022, one customer accounted for 13.8% of gross accounts receivable. No other customers accounted for 10% or more of gross accounts receivable for these fiscal period ends.

We are exposed to non-performance risk by counterparties on our derivative instruments used in hedging activities. We seek to minimize risk by diversifying our hedging program across multiple financial institutions. These counterparties are large international financial institutions, and, to date, no such counterparty has failed to meet its financial obligations to us.

Government Assistance

California Competes Grant: In January 2023, we received \$18.0 million in cash from a California Competes Grant (the "Grant") awarded from the California Governor's Office of Business and Economic Development. The Grant requires us to create and maintain full-time jobs and make significant infrastructure investments within California over a 5-year term. If we do not meet the requirements of the Grant, we will be required to repay all or a portion of the Grant.

The Grant is included in our Consolidated Balance Sheets within Deferred grant and we will recognize the Grant over time when earned as an offset to Cost of revenues and Operating expenses within our Consolidated Statements of Income. We have presented the proceeds from the Grant as cash provided by operating activities within our Consolidated Statements of Cash Flows as the Grant is to offset operations. No amounts were recognized as an offset to expenses in fiscal 2024 and 2023 and the full grant remains deferred.

Advanced Manufacturing Investment Credit: The Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the "CHIPS Act") was signed into law on August 9, 2022. The CHIPS Act provides for various incentives and tax credits, among other items, including the Advanced Manufacturing Investment Credit ("AMIC"), which equals 25% of qualified investments in an advanced manufacturing facility that is placed in service after December 31, 2022. The Company expects to receive refundable federal investment tax credits through the CHIPS Act in connection with ongoing expansion projects. At least a portion of our capital expenditures qualify for this credit, which benefits us by allowing us to net the credit received against our costs. The AMIC credit is accounted as a reduction to the depreciable basis of the assets used in operations. The Company has offset the cost of property, plant, and equipment by the amount of the estimated credit of \$7.3 million and \$3.7 million for fiscal December 28, 2024 and December 30, 2023, respectively. The receivable recorded is an estimate based on the Company's interpretation of the Section 48D Advanced Manufacturing Investment Credit under the CHIPS Act, which may be refunded to us in cash to the extent it exceeds our outstanding income tax liabilities.

Revenue Recognition

Revenue is recognized upon transferring control of products and services, and the amounts recognized reflect the consideration we expect to be entitled to receive in exchange for these products and services. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. An arrangement may include some or all of the following products and services: probe cards, systems, accessories, engineering services, installation services, service contracts and extended warranty contracts. We sell our products and services direct to customers and to partners in two distribution channels: global direct sales force and through a combination of manufacturers' representatives and distributors.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. In contracts with multiple performance obligations, we identify each performance obligation and evaluate whether the performance obligation is distinct within the context of the contract at contract inception. Performance obligations that are not distinct at contract inception are combined and accounted for as one unit of account. Generally, the performance obligations in a contract are considered distinct within the context of the contract and are accounted for as separate units of account.

Our products may be customized to our customers' specifications; however, control of our product is typically transferred to the customer at the point in time the product is either shipped or delivered, depending on the terms of the arrangement, as the criteria for over time recognition is not met. In limited circumstances, substantive acceptance by the

customer exists which

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

results in the deferral of revenue until acceptance is formally received from the customer. Judgment may be required in determining if the acceptance clause is substantive. In certain instances control of products is transferred to the customer over time based on performance and in those instances we utilize an appropriate input or output measure to determine to what extent control has transferred to the customer. Judgment may be required in determining an appropriate measure of performance.

Installation services are routinely provided to customers purchasing our systems. Installation services are a distinct performance obligation apart from the systems and are recognized in the period they are performed. Service contracts, which include repair and maintenance service contracts, and extended warranty contracts are also distinct performance obligations and are recognized over the contractual service period, which ranges from one to three years. For these service contracts recognized over time, we use the input measure of days elapsed to measure progress.

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. In determining the transaction price, we evaluate whether the price is subject to refund or adjustment to determine the net consideration to which we expect to be entitled. We generally do not grant return privileges, except for defective products during the warranty period. Sales incentives and other programs that we may make available to our customers are considered to be a form of variable consideration, which is estimated in determining the contract's transaction price to be allocated to the performance obligations.

For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation based on its relative stand-alone selling price. The stand-alone selling prices are determined based on observable prices, which

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

are the prices at which we separately sell these products. For items which do not have observable prices, we use our best estimate of the stand-alone selling prices.

Transaction price allocated to the remaining performance obligations: On **December 30, 2023** **December 28, 2024**, we had **\$12.4 million** **\$20.7 million** of remaining performance obligations, which were comprised of deferred service contracts, extended warranty contracts, and contracts with over time revenue recognition that are not yet delivered. We expect to recognize approximately **86.7%** **69.0%** of our remaining performance obligations as revenue in fiscal **2024**, **2025**, approximately **9.1%** **26.3%** in fiscal **2025**, **2026**, and approximately **4.2%** **4.7%** in fiscal **2026** **2027** and thereafter. The foregoing excludes the value of remaining performance obligations that have original durations of one year or less, and also excludes information about variable consideration allocated entirely to a wholly unsatisfied performance obligation.

Contract balances: The timing of revenue recognition may differ from the timing of invoicing to customers. Accounts receivable is recorded at the invoiced amount, net of an allowance for credit losses. A receivable is recognized in the period we deliver goods or provide services or when our right to consideration is unconditional. A contract asset is recorded when we have performed under the contract but our right to consideration is conditional on something other than the passage of time. Contract assets as of **December 28, 2024** and **December 30, 2023** were **\$6.9 million** and **December 31, 2022** were **\$3.8 million** and **\$1.9 million**, respectively, and are reported on the Consolidated Balance Sheets as a component of Prepaid expenses and other current assets.

Contract liabilities include payments received and payments due in advance of performance under a contract and are satisfied as the associated revenue is recognized. Contract liabilities are reported on the Consolidated Balance Sheets on a contract-by-contract basis at the end of each reporting period as a component of Deferred revenue and Other liabilities. Contract liabilities totaled **\$16.9 million** and **\$18.0 million** at **December 28, 2024** and **\$30.9 million** at **December 30, 2023** and **December 31, 2022**, respectively. During fiscal **2023**, **2024**, we recognized **\$27.5 million** **\$14.1 million** of revenue that was included in contract liabilities as of **December 31, 2022** **December 30, 2023**.

Costs to obtain a contract: We generally expense sales commissions when incurred as a component of Selling, general and administrative expense as the amortization period is typically less than one year.

Revenue by Category: Refer to Note **17**, **16**, *Segments and Geographic Information*, for further details.

Warranty Obligations

We offer warranties on certain products and record a liability for the estimated future costs associated with warranty claims at the time revenue is recognized. The warranty liability is based upon historical experience and our estimate of the level of future costs. While we engage in product quality programs and processes, our warranty obligation is affected by product failure rates, material usage and service delivery costs incurred in correcting a product failure. We continuously monitor product returns for warranty and maintain a reserve for the related expenses based upon our historical experience and any specifically identified field failures. As we sell new products to our customers, we must exercise considerable judgment in estimating the expected failure rates. This estimating process is based on historical experience of similar products, as well as various other assumptions that we believe to be reasonable under the circumstances.

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We provide for the estimated cost of product warranties at the time revenue is recognized. Warranty costs are reflected in the Consolidated Statement of Income as a Cost of revenues.

A reconciliation of the changes in our warranty liability is as follows (in thousands):

	Fiscal Year Ended		Fiscal Year Ended		December 30, 2023	December 31, 2022
	December 30, 2023	December 31, 2022	December 25, 2021	December 28, 2024		
Balance at beginning of year						
Accruals						
Settlements						
Reduction - FRT divestiture						
Balance at end of year						

Research and Development

Research and development expenses include expenses related to product development, engineering and material costs. All research and development costs are expensed as incurred.

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Income Taxes

We utilize the asset and liability method of accounting for income taxes, under which deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse and for operating losses and tax credit carryforwards. We estimate our provision for income taxes and amounts ultimately payable or recoverable in numerous tax jurisdictions around the world. Estimates involve interpretations of regulations and are inherently complex. Resolution of income tax treatments in individual jurisdictions may not be known for many years after completion of any fiscal year. We are required to evaluate the realizability of our deferred tax assets on an ongoing basis to determine whether there is a need for a valuation allowance with respect to such deferred tax assets. A valuation allowance is recorded when it is more likely than not that some or all of the deferred tax assets will not be realized. In evaluating the ability to recover deferred tax assets, we consider all available positive and negative evidence giving greater weight to our recent cumulative income, our historical ability to utilize net operating losses in recent years, and our forecast of future taxable income, including the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies.

We recognize and measure uncertain tax positions taken or expected to be taken in a tax return if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized are then measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. We report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves, as well as the related net interest. We recognize interest and penalties related to unrecognized tax benefits within the income tax provision. Accrued interest and penalties are included within the related tax liability in the Consolidated Balance Sheets.

We file annual income tax returns in multiple taxing jurisdictions around the world. A number of years may elapse before an uncertain tax position is audited and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our related liability reflects the most likely outcome. We adjust the liability, as well as the related interest, in light of changing facts and circumstances. Settlement of any particular position could require the use of cash.

Stock-Based Compensation

We recognize compensation expense for all stock-based awards based on the grant-date estimated fair values. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods in our Consolidated Statements of Income. The fair value of restricted stock units ("RSUs") is measured based on the closing market price of our common stock on the date of grant. The fair value of Performance RSUs ("PRSU") is based on certain market performance criteria and is measured using a Monte Carlo simulation pricing model.

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

See Note 13, 12, *Stockholders' Equity*, and Note 14, 13, *Stock-Based Compensation*, for additional information.

Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted net income per share is computed giving effect to all potentially dilutive common stock and common stock equivalents, including stock options, RSUs and common stock subject to repurchase.

The following table reconciles the shares used in calculating basic net income per share and diluted net income per share (in thousands):

	Fiscal Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Weighted-average shares used in computing basic net income per share	77,370	77,578	77,787
Add potentially dilutive securities	789	623	1,346
Weighted-average shares used in computing basic and diluted net income per share	78,159	78,201	79,133

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Fiscal Year Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
Weighted-average shares used in computing basic net income per share	77,340	77,370	77,578
Add potentially dilutive securities	1,097	789	623
Weighted-average shares used in computing basic and diluted net income per share	78,437	78,159	78,201

Accumulated other comprehensive loss

Accumulated other comprehensive loss ("AOCL") includes the following items, the impact of which has been excluded from earnings and reflected as components of stockholders' equity as shown below (in thousands):

	December 30, 2023
	December 30, 2023
	December 30, 2023
	December 28, 2024
	December 28, 2024
	December 28, 2024
Unrealized losses on available-for-sale marketable securities and other investments	
Unrealized losses on available-for-sale marketable securities and other investments	
Unrealized losses on available-for-sale marketable securities and other investments	
Translation adjustments	
Translation adjustments	
Translation adjustments	
Unrealized gains on derivative instruments	
Unrealized gains on derivative instruments	
Unrealized gains on derivative instruments	
Accumulated other comprehensive loss	
Accumulated other comprehensive loss	
Accumulated other comprehensive loss	

Note 3—Balance Sheet Components

Marketable Securities

Marketable securities consisted of the following (in thousands):

December 30, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 28, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasuries				
Commercial paper				
Corporate bonds				
U.S. agency securities				
U.S. agency securities				
U.S. agency securities				
	\$			
December 31, 2022	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 30, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasuries				
Commercial paper				
Corporate bonds				
Certificates of deposit				
U.S. agency securities				
U.S. agency securities				
U.S. agency securities				

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\$
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We typically invest in highly-rated securities with low probabilities of default. Our investment policy requires investments to be rated single A or better, limits the types of acceptable investments, concentration as to security holder and duration of the investment. The gross unrealized gains and losses in fiscal 2023 2024 and 2022 2023 were caused primarily by changes in interest rates.

The longer the duration of marketable securities, the more susceptible they are to changes in market interest rates and bond yields. As yields increase, those securities with a lower yield-at-cost show a mark-to-market unrealized loss. We anticipate

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

recovering the full cost of the securities either as market conditions improve or as the securities mature. Accordingly, we believe that the unrealized losses are not as a result of a credit loss.

The contractual maturities of marketable securities were as follows (in thousands):

	December 30, 2023		December 31, 2022		December 28, 2024		December 30, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less								
Due after one year to five years								

See also Note 10, 9, Fair Value.

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Inventories, net

Inventories consisted of the following (in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Raw materials				
Work-in-progress				
Finished goods				

Property, Plant and Equipment, net

Property, plant and equipment, net consisted of the following (in thousands):

	December 30, 2023	December 31, 2022
	December 28, 2024	December 30, 2023
Land		
Building and building improvements		
Machinery and equipment		
Computer equipment and software		
Furniture and fixtures		
Leasehold improvements		
Sub-total		
Less: Accumulated depreciation and amortization		
Net property, plant and equipment		
Construction-in-progress		
Total		

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	December 30, 2023	December 31, 2022
	December 28, 2024	December 30, 2023

	February 26, 2024
Gross purchase price	\$ 25,000
Working capital adjustment	159
Cash transferred to the buyer at closing	(2,743)
Direct costs to sell	(986)
Fair value of sale consideration, net	\$ 21,430

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The carrying amount of net assets associated with the China operations was approximately \$1.2 million. The major classes of assets and liabilities sold consisted of the following (in thousands):

	February 26, 2024
ASSETS	
Accounts receivable, net	\$ 1,174
Inventories, net	3,729
Other current assets	391
Total current assets	5,294
Property, plant and equipment, net	1,283
Goodwill	1,117
Other assets	3,029
Total assets	\$ 10,723
LIABILITIES	
Deferred revenue	\$ 3,739
Other current liabilities	1,546
Other liabilities	4,283
Total liabilities	\$ 9,568

As a result of the divestiture, the Company recognized a pre-tax gain of \$20.3 million. The Company recorded income tax expense associated with the divestiture of approximately \$3.3 million.

FRT Divestiture

On September 18, 2023, the Company announced entry into a definitive agreement to sell its FRT Metrology ("FRT") business to Camtek Ltd. ("Camtek") for \$100 million in cash, subject to customary purchase price adjustments. The Company acquired FRT GmbH in fiscal 2019 for total consideration of \$24.4 million, net of cash acquired. Headquartered in Bergisch Gladbach, Germany, the FRT business is a leading supplier of high-precision metrology solutions for the Advanced Packaging and Silicon Carbide markets, and was part of the Company's Systems segment.

On November 1, 2023, we closed on the sale of the FRT business to Camtek and received net cash proceeds of \$99.8 million, \$100.1 million, net of cash transferred and transaction expenses, and after customary adjustments for indebtedness and changes in net working capital. The disposition of the FRT business did not meet the criteria to be classified as a discontinued operation in the Company's financial statements because the disposition did not represent a strategic shift that had, or will have, a major effect on the Company's operations and financial results.

The following table summarizes the fair value of the sale proceeds received in connection with the divestiture which are subject to further post-closing adjustment (in thousands):

	November 1, 2023
Fair value of sale consideration Gross purchase price	\$ 99,031 99,100
Estimated working capital adjustment	4,029 4,266
Cash transferred to the buyer at closing	(2,049)
Direct costs to sell	(1,225)
Fair value of sale consideration	\$ 99,786 100,092

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The carrying amount of net assets associated with the FRT business was approximately \$26.8 million. \$26.8 million. The major classes of assets and liabilities sold consisted of the following: following (in thousands):

	November 1, 2023
ASSETS	
Accounts receivable, net	\$ 7,738
Inventories, net	6,446
Other current assets	635
Total current assets	14,819
Intangibles, net	6,897
Goodwill	10,660
Other assets	1,612
Total assets	\$ 33,988
LIABILITIES	
Current liabilities	\$ 4,300
Other liabilities	2,856
Total liabilities	\$ 7,156

As a result of the divestiture, the Company recognized a pre-tax gain of \$73.0 million. \$73.3 million. The Company recorded an income tax liability expense associated with the divestiture of approximately \$5.9 \$6.0 million.

Note 6—Debt

Our debt consisted of the following (in thousands):

	December 30, 2023	December 31, 2022
	December 28, 2024	December 30, 2023
Term loan		
Less unamortized issuance costs		
Term loan less issuance costs		

On June 22, 2020, we entered into an \$18.0 million 15-year credit facility loan agreement (the “Building Term Loan”) with MUFG Union Bank, National Association (“Union Bank”). The proceeds of the Building Term Loan were used to purchase a building adjacent to our leased facilities in Livermore, California. On May 19, 2023, we amended the Building Term Loan, replacing the benchmark reference rate LIBOR with SOFR, with no change to the amount or timing of contractual cash flows.

The Building Term Loan bears interest at a rate equal to the applicable SOFR rate, plus 0.1148% 0.1145%, plus 1.75% per annum. Interest payments are payable in monthly installments over a fifteen-year period. The interest rate at December 30, 2023 December 28, 2024 was 7.20% 6.42% before consideration of the interest rate swap.

On March 17, 2020, we entered into an interest rate swap agreement with Union Bank to hedge the interest payments on the Building Term Loan for the notional amount of \$18.0 million. As future levels of LIBOR over the life of the loan were uncertain, we entered into this interest-rate swap agreement to hedge the exposure in interest rate risks associated with movement in LIBOR rates. This agreement was amended on May 19, 2023 to replace the benchmark reference rate LIBOR with SOFR to match the Building Term Loan agreement (as amended). After the amendment, the interest rate swap continues to convert our floating-rate interest into a fixed-rate of 2.75%. As of December 30, 2023 December 28, 2024, the notional amount of the loan that is subject to this interest rate swap was \$14.4 \$13.4 million. See Note 10, 9, Fair Value, for additional information.

The obligations under the Building Term Loan are guaranteed by a deed of trust covering certain real property and improvements and certain personal property used in connection therewith. The deed of trust creates a first priority lien or encumbrance on the property with only such exceptions as may be approved by Union Bank in writing.

The Building Term Loan contains covenants customary for financing of this type. As of December 30, 2023 December 28, 2024, the balance outstanding pursuant to the Building Term Loan was \$14.4 million \$13.4 million.

FORMFACTOR, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Future principal and interest payments on our term loans as of December 30, 2023 December 28, 2024, based on the interest rate in effect at that date were as follows (in thousands):

	Payments Due In Fiscal Year						
	2024	2025	2026	2027	2028	2029 and thereafter	Total
	2025	2026	2027	2028	2029	2030 and thereafter	Total
Term loan - principal payments							

Term loans - interest payments⁽¹⁾

	\$
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⁽¹⁾ Represents our minimum interest payment commitment at 7.20% 6.42% per annum, excluding the interest rate swap described above.

Note 7—Leases

Our operating lease, right-of-use assets relate to real estate space under non-cancelable operating lease agreements for commercial and industrial space, as well as for our corporate headquarters located in Livermore, California. Our leases have remaining terms of 1one to 11 years,ten, and some leases include options to extend up to 20 twenty years. We did not include any of our renewal options in our lease terms for calculating our lease liability as the renewal options allow us to maintain operational flexibility and we are not reasonably certain we will exercise these options at this time. The weighted-average remaining lease term for our operating leases was 4.6 four years at December 30, 2023 December 28, 2024 and the weighted-average discount rate was 4.60% 4.72%.

The components of lease expense were as follows (in thousands):

	Lease Expense		
	December 30, 2023	December 31, 2022	December 25, 2021
	December 28, 2024	December 30, 2023	December 31, 2022
Operating lease expense			
Short-term lease expense			
Variable lease expense			
	\$		

Future minimum payments under our non-cancelable operating leases were as follows as of December 30, 2023 December 28, 2024 (in thousands):

Fiscal Year	Fiscal Year	Amount	Fiscal Year	Amount
2024				
2025				
2026				
2027				
2028				
2029				
Thereafter				
Total minimum lease payments				
Less: interest				
Present value of net minimum lease payments				
Less: current portion				
Total long-term operating lease liabilities				

Note 8—Restructuring Charges

2022 Restructuring Plan

On October 25, 2022, we adopted a restructuring plan ("2022 restructuring plan") to align our cost structure with reduced demand levels, by streamlining and improving the efficiency and business effectiveness of our operations. This plan included lowering headcount by approximately 13% of our workforce.

The Company recognized 2022 restructuring plan charges of approximately \$1.1 million for the year ended December 30, 2023, all within the Probe Cards segment. The Company has recognized total 2022 restructuring plan charges of \$8.1 million for

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

severance and employee-related costs, including \$0.3 million for stock-based compensation, with \$7.1 million within the Probe Cards segment, \$0.5 million within the Systems segment, and \$0.5 million within Corporate. We do not expect to incur additional material costs related to the 2022 restructuring plan.

2021 Restructuring Plan

On September 25, 2021, we adopted restructuring plans ("2021 restructuring plans") to improve our business effectiveness and streamline our operations by consolidating certain manufacturing facilities for both the Probe Cards segment and the Systems segment. This included plans to consolidate or relocate certain leased locations in the United States to other locations in the United States, Germany and Asia. As a result of these changes to certain work locations, we have incurred personnel related costs to sever, relocate, or retain select employees. Additionally, as part of these plans we have undertaken actions to adjust capacity for certain product offerings, which included contract termination costs to satisfy contract obligations.

The Company recognized 2021 restructuring plans charges of approximately \$0.8 million for the year ended December 30, 2023, with \$0.3 million within the Probe Cards segment and \$0.5 million within the Systems segment. The Company has recognized total 2021 restructuring plan charges of \$13.3 million, with \$10.1 million within the Probe Cards segment and \$3.2 million within the Systems segment, and were comprised of \$1.4 million of severance and employee-related costs, \$2.0 million in contract and lease termination costs, \$9.4 million in inventory impairments and other inventory related costs, and \$0.5 million of cost related to impairment of leasehold improvements, facility exits and other costs. We do not expect to incur additional material costs related to the 2021 Restructuring Plans.

Total restructuring charges for both the 2022 and 2021 restructuring plans included in our Consolidated Statements of Income were as follows (in thousands):

	Fiscal Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Cost of revenues	\$ 357	\$ 11,775	\$ 3,205
Research and development	291	1,498	869
Selling, general and administrative	1,187	2,166	50
	<u>\$ 1,835</u>	<u>\$ 15,439</u>	<u>\$ 4,124</u>

Changes to the restructuring accrual during the years ended December 31, 2022 and December 30, 2023 were as follows (in thousands):

	Employee Severance and Benefits	Stock-based Compensation	Inventory Impairments & Other Inventory Related Costs	Property and Equipment Impairments & Other Asset Related Costs	Contract Termination & Other Costs	Total
December 25, 2021	\$ 1,028	\$ —	\$ —	\$ —	\$ 1,450	\$ 2,478
Restructuring charges	7,269	—	7,629	186	502	15,586
Cash payments	(7,048)	—	(1,112)	(112)	(1,719)	(9,991)
Adjustment to restructuring charges	—	—	—	—	(147)	(147)
Non-cash settlement	—	—	(6,517)	(74)	(86)	(6,677)
December 31, 2022	1,249	\$ —	—	—	—	1,249
Restructuring charges	917	295	390	—	233	1,835
Cash payments	(2,166)	—	(89)	—	(233)	(2,488)
Non-cash settlement	—	(295)	(301)	—	—	(596)
December 30, 2023	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Note 9—Derivative Financial Instruments

Foreign Exchange Derivative Contracts

We operate and sell our products in various global markets. As a result, we are exposed to changes in foreign currency exchange rates. We utilize foreign currency forward contracts to hedge against future movements in foreign exchange rates that affect certain existing foreign currency denominated assets and liabilities and forecasted foreign currency revenue and expense transactions. Under this program, our strategy is to have increases or decreases in our foreign currency exposures mitigated by gains or losses on the foreign currency forward contracts in order to mitigate the risks and volatility associated with foreign **currency transaction gains or losses**.

FORMFACTOR, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

currency transaction gains or losses.

We do not use derivative financial instruments for speculative or trading purposes. For accounting purposes, certain of our foreign currency forward contracts are not designated as hedging instruments and, accordingly, we record the fair value of these contracts as of the end of our reporting period in our Consolidated Balance Sheets with changes in fair value recorded within Other income (expense), net in our Consolidated Statements of Income for both realized and unrealized gains and losses. Certain of our foreign currency forward contracts are designated as cash flow hedges, and, accordingly, we record the fair value of these contracts as of the end of our reporting period in our Consolidated Balance Sheets with changes in fair value recorded as a component of Accumulated other comprehensive loss and reclassified into earnings in the same period in which the hedged transaction affects earnings, and in the same line item on the Consolidated Statements of Income as the impact of the hedge transaction. At **December 30, 2023** **December 28, 2024**, we expect to reclassify **\$0.3 million** **\$1.1 million** of the amount accumulated in other comprehensive loss to earnings during the next 12 months, due to the recognition in earnings of the hedged forecasted transactions.

The fair value of our foreign exchange derivative contracts was determined based on current foreign currency exchange rates and forward points. All of our foreign exchange derivative contracts outstanding at **December 30, 2023** **December 28, 2024** will mature by the fourth quarter of fiscal **2024**, **2025**.

The following table provides information about our foreign currency forward contracts outstanding as of **December 30, 2023** **December 28, 2024** (in thousands):

Currency	Currency	Contract Position	Contract Amount (Local Currency)	Contract Amount (U.S. Dollars)	Currency	Contract Position	Contract Amount (Local Currency)	Contract Amount (U.S. Dollars)
Euro								
Japanese Yen								
Japanese Yen								
Japanese Yen								
Korean Won								
Won								
Taiwan Dollar								
Dollar								

Our foreign currency contracts are classified within Level 2 of the fair value hierarchy as they are valued using pricing models that utilize observable market inputs.

The location and amount of gains related to non-designated derivative instruments in the Consolidated Statements of Income were as follows (in thousands):

Derivatives Not Designated as Hedging Instruments	Derivatives Not Designated as Hedging Instruments	Location of Gain Recognized	Fiscal Year Ended			Derivatives Not Designated as Hedging Instruments	Location of Gain Recognized	Fiscal Year Ended		
			December 30, 2023	December 31, 2022	December 25, 2021			December 28, 2024	December 30, 2023	December 31, 2022
Foreign exchange forward contracts						Derivatives Not Designated as Hedging Instruments				

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The location and amount of gains (losses) related to foreign currency derivative instruments designated as cash flow hedges on our Consolidated Statements of Income was as follows (in thousands):

	Amount of Gain or (Loss) Recognized in AOCL on Derivative	Amount of Gain or (Loss) Recognized in AOCL on Derivative	Location of Gain or (Loss) Reclassified from AOCL into Income	Amount of Gain or (Loss) Reclassified from AOCL into Income	Amount of Gain or (Loss) Recognized in AOCL on Derivative	Location of Gain or (Loss) Reclassified from AOCL into Income	Amount of Gain or (Loss) Reclassified from AOCL into Income
Fiscal 2024							
		Research and development					
		Selling, general and administrative					
							\$
Fiscal 2023							
Fiscal 2023							
Fiscal 2023							
		Research and development					
		Selling, general and administrative					
							\$
Fiscal 2022							
Fiscal 2022							
Fiscal 2022							

	Research and development	
	Selling, general and administrative	
		\$
Fiscal 2021		
Fiscal 2021		
Fiscal 2021		
	Research and development	
	Selling, general and administrative	
		\$

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Interest Rate Swaps

During fiscal 2020, we entered into an interest rate swap agreement with Union Bank to hedge the interest payments on the Building Term Loan for the notional amount of \$18.0 million. As future levels of LIBOR over the life of the loan are uncertain, we entered into this interest-rate swap agreement to hedge the exposure in interest rate risks associated with movement in LIBOR rates. By entering into the agreement, we convert a floating rate interest at one-month LIBOR plus 1.75% into a fixed rate interest at 2.75%. This agreement was amended in fiscal 2023 to replace the benchmark reference rate LIBOR with SOFR to match the Building Term Loan agreement (as amended). After the amendment, the interest rate swap continues to convert our floating-rate interest into a fixed-rate at 2.75%. As of December 30, 2023 December 28, 2024, the notional amount of the loan that is subject to this interest rate swap was \$14.4 million \$13.4 million. See Note 6, *Debt*, for additional information.

For accounting purposes, the interest-rate swap contracts qualify for and are designated as cash flow hedges. All hedging relationships are formally documented, and the hedges are designed to offset changes to future cash flows on hedged transactions. We evaluate hedge effectiveness at hedge inception and on an ongoing basis.

The fair value of our interest rate swap contracts are determined at the end of each reporting period based on valuation models that use interest rate yield curves as inputs. The cash flows associated with the interest rate swaps are reported in Net cash provided by operating activities in our Consolidated Statements of Cash Flows and the fair value of the interest rate swap contracts are recorded within Prepaid expenses and other current assets and Other assets.

The impact of the interest rate swaps on the Consolidated Statements of Income was as follows (in thousands):

Amount of Gain Recognized in AOCL on Derivative (Effective Portion)
Amount of Gain Recognized in AOCL on Derivative (Effective Portion)
Amount of Gain Recognized in AOCL on Derivative (Effective Portion)

Fiscal 2024
Fiscal 2024
Fiscal 2024
Fiscal 2023
Fiscal 2023
Fiscal 2023
Fiscal 2022
Fiscal 2022
Fiscal 2022
Fiscal 2021
Fiscal 2021
Fiscal 2021

See also Note 10 9, *Fair Value*.

Note 10—9—Fair Value

Whenever possible, the fair values of our financial assets and liabilities are determined using quoted market prices of identical securities or quoted market prices of similar securities from active markets. The three levels of inputs that may be used to measure fair value are as follows:

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical securities;
- Level 2 valuations utilize significant observable inputs, such as quoted prices for similar assets or liabilities, quoted prices near the reporting date in markets that are less active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 valuations utilize unobservable inputs to the valuation methodology and include our own data about assumptions market participants would use in pricing the asset or liability based on the best information available under the circumstances.

We did not have any transfers of assets or liabilities measured at fair value on a recurring basis to or from Level 1, Level 2 or Level 3 during fiscal 2024, 2023 2022 or 2021. 2022.

The carrying values of Cash, Accounts receivable, net, Restricted cash, Prepaid expenses and other current assets, Accounts payable, and Accrued liabilities approximate fair value due to their short maturities.

No changes were made to our valuation techniques during fiscal 2023. 2024.

Cash Equivalents

The fair value of our cash equivalents is determined based on quoted market prices for similar or identical securities.

Marketable Securities

We classify our marketable securities as available-for-sale and value them utilizing a market approach. Our investments are priced by pricing vendors who provide observable inputs for their pricing without applying significant judgment. Broker pricing

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

is used mainly when a quoted price is not available, the investment is not priced by our pricing vendors or when a broker price is more reflective of fair value. Our broker-priced investments are categorized as Level 2 investments because fair value is based on similar assets without applying significant judgments. In addition, all of our investments have a sufficient level of trading volume to demonstrate that the fair value is appropriate.

Assets and liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis were as follows (in thousands):

December 30, 2023	Level 1	Level 2	Level 3	Total
December 28, 2024	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Cash equivalents:				
Cash equivalents:				
Money market funds				
Money market funds				
Money market funds				
U.S. treasuries				
				115,561
				115,561
				115,561
Marketable securities:				
Marketable securities:				
Marketable securities:				
U.S. treasuries				
U.S. treasuries				
U.S. treasuries				
U.S. agency securities				

U.S. agency securities	
U.S. agency securities	
Corporate bonds	
Commercial paper	
	45,837
Foreign exchange derivative contracts	
	71,252
Interest rate swap derivative contracts	
Interest rate swap derivative contracts	
Promissory note receivable	
Promissory note receivable	
Promissory note receivable	
Interest rate swap derivative contracts	
Total assets	
Liabilities:	
Foreign exchange derivative contracts	
Foreign exchange derivative contracts	
Foreign exchange derivative contracts	
Total liabilities	
Total liabilities	
Total liabilities	

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2022	Level 1	Level 2	Level 3	Total
December 30, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Cash equivalents:				
Cash equivalents:				
Money market funds				
Money market funds				
Money market funds				
U.S. treasuries				
Commercial paper				
Commercial paper				
Commercial paper				
U.S. agency securities				21,279
				115,561
				115,561
				115,561
Marketable securities:				
U.S. treasuries				
U.S. treasuries				
U.S. treasuries				
Certificates of deposit				
U.S. agency securities				
U.S. agency securities				
U.S. agency securities				

Corporate bonds	
Commercial paper	
	25,019
	45,837
Foreign exchange derivative contracts	
Promissory note receivable	
Interest rate swap derivative contracts	
Interest rate swap derivative contracts	
Interest rate swap derivative contracts	
Total assets	
Liabilities:	
Foreign exchange derivative contracts	
Foreign exchange derivative contracts	
Foreign exchange derivative contracts	
Total liabilities	
Total liabilities	
Total liabilities	

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

We measure and report our non-financial assets such as Property, plant and equipment, Goodwill and Intangible assets at fair value on a non-recurring basis if we determine these assets to be impaired or in the period when we make a business acquisition. Other than as discussed in Note 4, *Acquisitions Acquisition*, and Note 8, *Restructuring Charges*, there were no assets or liabilities measured at fair value on a non-recurring basis during fiscal 2024, 2023 2022 or 2021. 2022.

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11—10—Goodwill and Intangible Assets

Goodwill

Goodwill by reportable segment was as follows (in thousands):

	Probe Cards	Probe Cards	Systems	Total	Probe Cards	Systems	Total
Goodwill, as of December 25, 2021							
Goodwill, as of December 31, 2022							
Addition - Woburn acquisition							
Addition - Woburn acquisition							
Addition - Woburn acquisition							
Foreign currency translation							
Goodwill, as of December 31, 2022							
Reduction - FRT divestiture							
Reduction - FRT divestiture							
Reduction - FRT divestiture							
Reduction - FRT divestiture							
Foreign currency translation							
Goodwill, as of December 30, 2023							
Reduction - China divestiture							
Reduction - China divestiture							
Reduction - China divestiture							
Foreign currency translation							
Goodwill, as of December 28, 2024							

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Intangible Assets



[illegible]

Amortization expense was included in our Consolidated Statements of Income as follows (in thousands):

	Fiscal Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
	December 28, 2024	December 30, 2023	December 31, 2022
Cost of revenues			
Selling, general and administrative			
	\$		

Fiscal Year	Fiscal Year	Amount	Fiscal Year	Amount
2024				
2025				
2026				
2027				
2028				
2029				
Thereafter				
Total				

Note 12—11—Commitments and Contingencies

See Note 7, *Leases*.

Government Assistance

Environmental Matters

We are subject to U.S. federal, state, local, and foreign governmental laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites and the maintenance of a safe workplace. We believe that we comply in all material respects with the environmental laws and regulations that apply to us as of December 30, 2023 December 28, 2024. There are no matters

pending that we currently believe are reasonably possible of having a material impact to our business, consolidated financial condition, results of operations or cash flows. In the future, we may receive notices of violations of environmental regulations, or otherwise learn of such violations. Environmental contamination or violations may negatively impact our business.

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Indemnification Arrangements

We have entered, and may from time to time in the ordinary course of our business enter, into contractual arrangements with third parties that include indemnification obligations. Under these contractual arrangements, we have agreed to defend, indemnify and/or hold the third party harmless from and against certain liabilities. These arrangements include indemnities in favor of customers in the event that our products or services infringe a third party's intellectual property, or cause property damage or other indemnities in favor of our lessors in connection with facility leasehold liabilities that we may cause. In addition, we have entered into indemnification agreements with our directors and certain of our officers, and our bylaws contain indemnification obligations in favor of our directors, officers and agents. These indemnity arrangements may limit the type of the claim, the total amount that we can be required to pay in connection with the indemnification obligation and the time within which an indemnification claim can be made. The duration of the indemnification obligation may vary, and for most arrangements, survives the agreement term and is indefinite. We believe that substantially all of our indemnity arrangements provide either for limitations on the maximum potential future payments we could be obligated to make, or for limitations on the types of claims and damages we could be obligated to indemnify, or both. However, it is not possible to determine or reasonably estimate the maximum potential amount of future payments under these indemnification obligations due to the varying terms of such obligations, a lack of history of prior indemnification claims, the unique facts and circumstances involved in each particular contractual arrangement and in each potential future claim for indemnification, and the contingency of any potential liabilities upon the occurrence of events that are not reasonably determinable. We have not had any material requests for indemnification under these arrangements. We have not recorded any liabilities for these indemnification arrangements on our Consolidated Balance Sheets as of **December 30, 2023** **December 28, 2024** or **December 31, 2022** **December 30, 2023**.

Legal Matters

From time to time, we are subject to legal proceedings and claims in the ordinary course of business, the outcomes of which cannot be estimated with certainty. Our ability to estimate the outcomes may change in the near term and the effect of any such change could have a material adverse effect on our financial position, results of operations or cash flows.

Note ~~13~~ **12—Stockholders' Equity**

Preferred Stock

We have authorized 10,000,000 shares of undesignated preferred stock, \$0.001 par value, none of which is issued and outstanding. Our Board of Directors shall determine the rights, preferences, privileges and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of any series.

Common Stock

Each share of common stock has the right to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to the prior rights of holders, if any, of all classes of stock outstanding having priority rights as to dividends. No dividends have been declared or paid as of **December 30, 2023** **December 28, 2024**.

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Common Stock Repurchase Programs

On October 26, 2020, our Board of Directors authorized a two-year program to repurchase up to \$50 million of outstanding common stock to offset potential dilution from issuances of common stock under our stock-based compensation programs. During fiscal **2021** and 2022, we repurchased and retired **622,400 shares of common stock for \$24.0 million** and **676,408 shares of common stock for \$26.0 million, respectively**, utilizing the remaining shares available for repurchase under the program.

On May 20, 2022, our Board of Directors authorized a two-year program to repurchase up to \$75 million of outstanding common stock to offset potential dilution from issuance of common stock under our stock-based compensation programs. During fiscal 2022 and 2023, we repurchased and retired 1,700,893 shares of common stock for \$56.4 million and 504,352 shares of common stock for \$18.6 million, respectively, utilizing the remaining shares available for repurchase under the program.

On October 30, 2023, our Board of Directors authorized an additional program to repurchase up to \$75 million of outstanding common stock, also with the primary purpose of offsetting potential dilution from issuance of common stock under our stock-based compensation programs. This share repurchase program will expire on October 30, 2025. During fiscal 2023 **and 2024**, we repurchased and retired 32,020 shares of common stock for \$1.2 million and **1,309,635 shares of common stock for \$53.3 million, respectively**, and as of **December 30, 2023 \$73.8 million** **December 28, 2024 \$20.5 million** remained available for future repurchases.

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Equity Incentive Plan

We currently grant equity-based awards under our Equity Incentive Plan, as amended (the "2012 Plan") which was approved by our stockholders. As amended, the 2012 Plan has authorized for issuance a total of 27.4 million shares, **5.0 million** **3.7 million** of which were available for grant as of **December 30, 2023** **December 28, 2024**.

Restricted stock units ("RSUs") granted under the 2012 Plan generally vest over three years in annual tranches, though we have granted, and will continue to grant, such awards that vest over a shorter term for employee retention purposes, years. RSUs, including Performance Restricted Stock Units ("PRSUs") are converted into shares of our common stock upon vesting on a one-for-one basis. The vesting of RSUs is subject to the employee's continuing service.

RSU activity was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Restricted stock units at December 31, 2022	2,227,081	\$ 35.28
Granted	1,417,931	33.85
Vested	(941,494)	33.32
Canceled	(537,789)	32.66
Restricted stock units at December 30, 2023	2,165,729	35.85

	Number of Shares	Weighted Average Grant Date Fair Value
Restricted stock units at December 30, 2023	2,165,729	\$ 35.85
Awards granted	924,082	44.13
Awards vested	(1,115,782)	36.08
Awards forfeited	(197,286)	43.27
Restricted stock units at December 28, 2024	1,776,743	39.07

The PRSUs granted in fiscal 2024, 2023 2022 and 2021 2022 listed below vest based on us achieving certain market performance criteria. The performance criteria are based on a metric called Total Shareholder Return ("TSR") for the performance period of three years, relative to the TSR of the companies identified as being part of the S&P Semiconductor Select Industry Index (FormFactor peer companies) as of a specific date.

Of the 258,000 197,128 PRSUs granted in fiscal 2020, none of the 191,400 outstanding PRSU awards vested in 2023, at the end of 2021, 56,685 shares were forfeited during the requisite service period, as the resulting in 140,443 shares vesting in 2024. These shares achieved 146% TSR performance, was not met, which resulted in an additional 64,525 shares issued in fiscal 2024 in excess of the target number of units related to the fiscal 2021 PRSU grant.

PRSU grant activity was as follows:

Fiscal Year Ended										
December 30, 2023			December 31, 2022			December 25, 2021				
December 28, 2024			December 30, 2023			December 31, 2022				
Grant Date	Grant Date	August 7, 2023	August 1, 2022		August 2, 2021	Grant Date	August 5, 2024	August 7, 2023	August 1, 2022	
Performance period	Performance period	July 1, 2023 - June 30, 2026	July 1, 2022 - June 30, 2025		July 1, 2021 - June 30, 2024	Performance period	July 1, 2024 - June 30, 2027	July 1, 2023 - June 30, 2026	July 1, 2022 - June 30, 2025	
Number of shares	Number of shares	172,680	204,903		197,128	Number of shares	125,496	172,680	204,903	
TSR as-of date	TSR as-of date	August 7, 2023	August 1, 2022		August 2, 2021	TSR as-of date	August 5, 2024	August 7, 2023	August 1, 2022	
Stock-based compensation	Stock-based compensation		\$8.6 million	Stock-based compensation	\$6.2 million			\$8.6 million		

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Employee Stock Purchase Plan

Our 2012 Employee Stock Purchase Plan (the "ESPP"), as amended, allows for the issuance of a total of 12,137,559 shares. The offering periods under the ESPP are 12 months commencing on February 1 of each calendar year and ending on January 31 of the subsequent calendar year, and a six-month fixed offering period commencing on August 1 of each calendar year and ending on January 31 of the subsequent calendar year. The 12-month offering period consists of two six-month purchase periods and the six-month offering

period consists of one six-month purchase period. The price of the common stock purchased is 85% of the lesser of the fair market value of the common stock on the first day of the applicable offering period or the last day of each purchase period. We have treated the 2012 ESPP as a compensatory plan.

During fiscal 2023, 2024, employees purchased 363,190 340,989 shares under this program at a weighted average exercise price of \$24.29 \$28.59 per share, which represented a weighted average discount of \$7.65 \$16.43 per share from the fair value of the stock purchased. As of December 30, 2023 December 28, 2024, 3,613,021 3,272,032 shares remained available for issuance.

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 14—13—Stock-Based Compensation

Stock-Based Compensation Expense

Certain information regarding our stock-based compensation was as follows (in thousands, except per share amounts):

	Fiscal Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
	December 28, 2024	December 30, 2023	December 31, 2022
Weighted average grant date per share fair value of RSUs granted			
Weighted average grant date per share fair value of RSUs granted			
Weighted average grant date per share fair value of RSUs granted			
Total intrinsic value of stock options exercised			
Fair value of RSUs vested			
Fair value of RSUs vested			
Fair value of RSUs vested			

Pre-tax stock-based compensation expense by financial statement line and related tax benefit in the Consolidated Statements of Income are as follows (in thousands):

	Fiscal Year Ended		Fiscal Year Ended			
	December 30, 2023	December 31, 2022	December 25, 2021	December 28, 2024	December 30, 2023	December 31, 2022
Stock-based compensation expense included in:						
Cost of revenues						
Cost of revenues						
Cost of revenues						
Research and development						
Selling, general and administrative						
Total stock-based compensation						
Total stock-based compensation						
Total stock-based compensation						
Stock-based compensation tax benefit (expense)						

Unrecognized Stock-Based Compensation Expense

Unrecognized stock-based compensation expense at December 30, 2023 December 28, 2024 consisted of the following (in thousands):

		Unrecognized Expense		Unrecognized Expense		Weighted Average Recognition Period (Years)	Unrecognized Expense		Weighted Average Recognition Period (Years)
Restricted stock units									
Restricted stock units									
Restricted stock units		\$48,040	2.0		2.0		\$43,768	1.9	1.9
Performance restricted stock units	Performance restricted stock units	10,902	2.0		2.0	units	9,357	1.9	1.9
Employee stock purchase plan	Employee stock purchase plan	375	0.1		0.1	purchase plan	474	0.1	0.1

Total unrecognized stock-based compensation expense	Total unrecognized stock-based compensation expense	\$59,317	2.0	2.0	Total unrecognized stock-based compensation expense	\$53,599	1.9	1.9
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FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Valuation Assumptions

The following assumptions were used in estimating the fair value of PRSUs:

		Fiscal Year Ended			
		December 30, 2023	December 31, 2022	December 25, 2021	
		December 28, 2024	December 30, 2023	December 31, 2022	
PRSUs:					
Dividend yield					
Dividend yield					
Dividend yield		— %	— %	— %	— %
Expected volatility	Expected volatility	50.7 %	53.0 %	52.5 %	Expected volatility 50.8 % 50.7 % 53.0 %
Risk-free interest rate	Risk-free interest rate	4.4 %	2.8 %	0.3 %	Risk-free interest rate 3.7 % 4.4 % 2.8 %
Expected life (in years)	Expected life (in years)	2.9	2.9	2.9	Expected life (in years) 2.9 2.9

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following assumptions were used in estimating the fair value of shares under the Employee Stock Purchase Plan:

		Fiscal Year Ended			December 25, 2021
		December 28, 2024	December 30, 2023	December 31, 2022	
Employee Stock Purchase Plan:					
Dividend yield		— %	— %	— %	
Expected volatility		40.4% - 58.7%	40.6% - 60.2%	42.6% - 60.8%	33.6% - 74.4%
Risk-free interest rate		4.7% - 5.5%	0.8% - 5.5%	0.1% - 3.0%	0.1% - 1.5%
Expected life (in years)		0.5 - 1.0	0.5 - 1.0	0.5 - 1.0	

Note 15—14—Income Taxes

Components of Income Before Income Taxes

The components of income before income taxes were as follows (in thousands):

		Fiscal Year Ended		Fiscal Year Ended	
		December 30, 2023	December 31, 2022	December 25, 2021	December 28, 2024
United States					
Foreign					
	\$				

Provision for Income Taxes

The components of the provision for income taxes are as follows (in thousands):

		Fiscal Year Ended		Fiscal Year Ended	
		December 30, 2023	December 31, 2022	December 25, 2021	December 28, 2024

Current provision:	Current provision:	Current provision:
Federal		
State		
Foreign		
	18,980	
	23,153	
Deferred provision (benefit):	Deferred provision (benefit):	Deferred provision (benefit):
Federal		
State		
Foreign		
	(12,100)	
	(13,355)	
Total provision for income taxes		

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tax Rate Reconciliation

The following is a reconciliation of the difference between income taxes computed by applying the federal statutory rate of 21% and the provision from income taxes (in thousands):

	Fiscal Year Ended		Fiscal Year Ended			
	December 30, 2023	December 31, 2022	December 25, 2021	December 28, 2024	December 30, 2023	December 31, 2022
U.S. statutory federal tax rate						
State taxes and credits, net of federal benefit						
Stock-based compensation						
Amortization of stock-based compensation						
Tax credits						
Foreign taxes at rates different than the U.S.						
Other permanent differences						
Reversal of book gain on China Sale						
Foreign gain exclusion ⁽¹⁾						
Global intangible low-taxed income						
Foreign derived intangible income						
Foreign tax on the divestiture of the China operations						
Change in valuation allowance						
Tax contingencies, net of reversals						
Other						
Total						

⁽¹⁾ The rate reconciliation includes an exclusion of a portion of the gain on the sale of the FRT business under German tax law.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognized for the future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis using enacted tax rates in effect for the year in which the differences are expected to be reversed.

Significant deferred tax assets and liabilities consisted of the following (in thousands):

Tax credits
Tax credits
Tax credits
Inventory reserve
Inventory reserve
Inventory reserve

Other reserves and accruals
Other reserves and accruals
Other reserves and accruals
Non-statutory stock options
Non-statutory stock options
Non-statutory stock options
Lease liability
Lease liability
Lease liability
Research and development expenditures capitalization
Research and development expenditures capitalization
Research and development expenditures capitalization
Net operating loss carryforwards
Net operating loss carryforwards
Net operating loss carryforwards
Gross deferred tax assets
Gross deferred tax assets
Gross deferred tax assets
Valuation allowance
Valuation allowance
Valuation allowance
Total deferred tax assets
Total deferred tax assets
Total deferred tax assets
Right-of-use assets
Right-of-use assets
Right-of-use assets
Acquired intangibles and fixed assets
Acquired intangibles and fixed assets
Acquired intangibles and fixed assets
Unrealized investment gains
Unrealized investment gains
Unrealized investment gains
Tax on undistributed earnings
Tax on undistributed earnings
Tax on undistributed earnings
Total deferred tax liabilities
Total deferred tax liabilities
Total deferred tax liabilities
Net deferred tax assets
Net deferred tax assets
Net deferred tax assets

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We are required to evaluate the realizability of our deferred tax assets in both our U.S. and non-U.S. jurisdictions on an ongoing basis to determine whether there is a need for a valuation allowance with respect to such deferred tax assets. As of **December 30, 2023** **December 28, 2024**, we maintained a valuation allowance of **\$45.9** **\$47.9** million, primarily related to California deferred tax assets

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and foreign tax credit carryovers, due to uncertainty about the future realization of these assets. We believe that future reversals of taxable temporary differences, and our forecast of continued earnings in both our U.S. and non-U.S. jurisdictions, support our decision to not record a valuation allowance on other deferred tax assets.

Tax Credits and Carryforwards

Tax credits and carryforwards available to us at **December 30, 2023** **December 28, 2024** consisted of the following (in thousands):

	Amount	Latest Expiration	
		Date	Date(s)
Federal research and development tax credit	\$ 19,672	12,107	2040-2042 2042-2044
Foreign tax credit carryforwards	948	752	2024-2027 2025-2027
California research credits	57,077	61,491	Indefinite
State net operating loss carryforwards	241,241	238,852	2026-Indefinite 2028-
Singapore net operating loss carryforwards	4,279	3,936	Indefinite

Undistributed Earnings

As of **December 30, 2023** **December 28, 2024**, unremitted earnings of foreign subsidiaries was estimated at **\$39.3 million** **\$43.1 million**. We intend to permanently invest \$12.0 million of undistributed earnings indefinitely outside of the U.S. To the extent we repatriate the remaining **\$27.3 million** **\$31.1 million** of undistributed foreign earnings to the U.S., we **have not** established a deferred tax liability of **\$0.2 million** for foreign withholding taxes. Foreign earnings that can be remitted back to the U.S. are from jurisdictions with current tax treaties, which exempt us from withholding taxes. Our estimates are provisional and subject to change because of the complexity and variety of assumptions necessary to compute the tax.

Unrecognized Tax Benefits

We recognize the benefits of tax return positions if we determine that the positions are "more-likely-than-not" to be sustained by the taxing authority. Interest and penalties accrued on unrecognized tax benefits are recorded as tax expense in the period incurred.

The following table reflects changes in the unrecognized tax benefits (in thousands):

	Fiscal Year Ended		Fiscal Year Ended		December 30, 2023	December 31, 2022
	December 30, 2023	December 31, 2022	December 25, 2021	December 28, 2024		
Unrecognized tax benefit, beginning balance						
Additions based on tax positions related to the current year						
Additions based on tax positions from prior years						
Reductions for tax positions of prior years						
Reductions due to lapse of the applicable statute of limitations						
Unrecognized tax benefit, ending balance						
Interest and penalties recognized as a component of provision for income taxes						
Interest and penalties recognized as a component of provision for income taxes						
Interest and penalties recognized as a component of provision for income taxes						
Interest and penalties accrued at period end						

Of the unrecognized tax benefits at **December 30, 2023** **December 28, 2024**, **\$24.0 million** **\$25.3 million** would impact the effective tax rate if recognized.

The amount of income taxes we pay is subject to ongoing audits by federal, state and foreign tax authorities which might result in proposed assessments. Our estimate for the potential outcome for any uncertain tax issue is judgmental in nature. However, we believe we have adequately provided for any reasonably foreseeable outcome related to those matters. Our future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved or when statutes of limitation on potential assessments expire. As of **December 30, 2023** **December 28, 2024**, changes to our uncertain tax positions in the next 12 months that are reasonably possible are not expected to have a significant impact on our financial position or results of operations.

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At **December 30, 2023** **December 28, 2024**, our tax years **2021 through 2024**, **2020 through 2023, 2024 and 2019 through 2023 and 2018 through 2023 2024** remain open for examination in the federal, state and foreign jurisdictions, respectively. However, to the extent allowed by law, the taxing authorities may have the right to examine prior periods where net operating losses and credits were generated and carried forward, and make adjustments up to the net operating loss and credit carryforward amounts.

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 16—15—Employee Benefit Plans

We have an employee savings plan that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. The plan is designed to provide employees with an accumulation of funds for retirement on a tax-deferred basis and provide for annual discretionary employer contributions. The total charge to net income under the 401(k) plan for fiscal 2024, 2023 2022 and 2021 2022 aggregated to \$2.3 million \$2.6 million, \$2.7 million \$2.3 million and \$2.7 million, respectively.

Note 17—16—Segments and Geographic Information

We operate in two reportable segments consisting of the Probe Cards Segment and the Systems Segment.

Our chief operating decision maker ("CODM") is our President and Chief Executive Officer, who reviews operating results assesses the reportable segments' performance by using each reportable segment's net contribution to make decisions about allocating resources and assessing performance for the entire company.

The following table summarizes the operating results by CODM uses net contribution for each reportable segment (dollars predominantly in thousands):

	Fiscal 2023			
	Probe Cards	Systems	Corporate and Other	Total
Revenues	\$ 497,903	\$ 165,199	\$ —	\$ 663,102
Gross profit	185,392	84,735	(11,547)	258,580
Gross margin	37.2 %	51.3 %		39.0 %

	Fiscal 2022			
	Probe Cards	Systems	Corporate and Other	Total
Revenues	\$ 591,422	\$ 156,515	\$ —	\$ 747,937
Gross profit	235,562	80,937	(20,490)	296,009
Gross margin	39.8 %	51.7 %		39.6 %

	Fiscal 2021			
	Probe Cards	Systems	Corporate and Other	Total
Revenues	\$ 633,281	\$ 136,393	\$ —	\$ 769,674
Gross profit	279,873	65,834	(22,940)	322,767
Gross margin	44.2 %	48.3 %		41.9 %

Operating results provide useful information to our management the annual budget and forecasting process, as well as consideration of budget-to-actual variances on a quarterly basis when making decisions for assessment of our performance and results of operations. Certain components of our operating results net contribution are utilized to determine executive compensation along with other measures.

The following table provides net contribution by reportable segment and includes a reconciliation to income before income taxes (dollars in thousands):

	Fiscal 2024			
	Probe Cards	Systems	Corporate and Other	Total
Revenues	\$ 625,960	\$ 137,639	\$ —	\$ 763,599
Cost of revenues	366,953	78,128	10,595	455,676
Gross profit	259,007	59,511	(10,595)	307,923
Gross margin	41.4 %	43.2 %		40.3 %
Research and development	90,463	20,617	10,858	121,938
Selling	31,462	16,082	5,994	53,538
Marketing	8,775	7,184	5,120	21,079
Net Contribution	\$ 128,307	\$ 15,628	\$ (32,567)	111,368
General and administrative				67,169
Gain on sale of business				20,581
Operating income				64,780
Interest income				14,111
Interest expense				(418)
Other income (expense), net				939
Income before income taxes				\$ 79,412

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Fiscal 2023			
	Probe Cards	Systems	Corporate and Other	Total
Revenues	\$ 497,903	\$ 165,199	\$ —	\$ 663,102
Cost of revenues	312,511	80,464	11,547	404,522
Gross profit	185,392	84,735	(11,547)	258,580
Gross margin	37.2 %	51.3 %		39.0 %
Research and development	83,104	21,487	11,174	115,765
Selling	26,912	17,026	8,581	52,519
Marketing	5,983	9,367	7,273	22,623
Net Contribution	\$ 69,393	\$ 36,855	\$ (38,575)	67,673
General and administrative				57,870
Gain on sale of business				72,953
Operating income				82,756
Interest income				7,217
Interest expense				(421)
Other income (expense), net				(285)
Income before income taxes				\$ 89,267

	Fiscal 2022			
	Probe Cards	Systems	Corporate and Other	Total
Revenues	\$ 591,422	\$ 156,515	\$ —	\$ 747,937
Cost of revenues	355,860	75,578	20,490	451,928
Gross profit	235,562	80,937	(20,490)	296,009
Gross margin	39.8 %	51.7 %		39.6 %
Research and development	82,428	17,078	9,716	109,222
Selling	29,583	14,953	13,612	58,148
Marketing	7,249	7,147	8,569	22,965
Net Contribution	\$ 116,302	\$ 41,759	\$ (52,387)	105,674
General and administrative				50,762
Operating income				54,912
Interest income				2,220
Interest expense				(579)
Other income (expense), net				1,317
Income before income taxes				\$ 57,870

Corporate and Other includes unallocated expenses relating to amortization of stock-based compensation expense, intangible assets, acquisition-related costs, including charges related to inventory and fixed assets stepped up to fair value, restructuring charges, and other costs, which are not used in evaluating the results of, or in allocating resources to, our reportable segments. Acquisition-related costs include transaction costs and any costs directly related to the acquisition and integration of acquired businesses.

Net Contribution represents Operating income excluding general and administrative expenses and gains on sale of business, which are not used in evaluating the results of, or in allocating resources to, our reportable segments.

FORMFACTOR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes revenue, by geographic region, as a percentage of total revenues based upon ship-to location:

	Fiscal Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
	December 28, 2024	December 30, 2023	December 31, 2022

South Korea	24.2	%	17.8	%	14.9	%	
United States	United States	25.9	%	17.1	%	15.9	%
Taiwan							
South Korea							
China							
Europe							
Japan							
Singapore							
Malaysia							
Singapore							
Rest of World							
Total Revenues	100.0	%	100.0	%	100.0	%	
Total revenues	100.0	%	100.0	%	100.0	%	

The following table summarizes revenue by market (in thousands):

	Fiscal Year Ended		Fiscal Year Ended		December 30, 2023	December 31, 2022
	December 30, 2023	December 31, 2022	December 25, 2021	December 28, 2024		
Foundry & Logic						
DRAM						
Flash						
Systems						
Total revenues						

The following table summarizes revenue by timing of revenue recognition (in thousands):

		Fiscal Year Ended															
		December 31, 2022							December 25, 2021								
		December 30, 2023							December 28, 2024								
		Probe Cards	Probe Cards	Systems	Total	Probe Cards	Systems	Total	Probe Cards	Systems	Total	Probe Cards	Systems	Total	Probe Cards	Systems	Total
Products transferred at a point in time																	
Services transferred over time																	
Total																	

Long-lived assets, comprised of Operating lease, Right-of-use assets, Property, plant and equipment, net, Goodwill and Intangibles, net, reported based on the location of the asset was as follows (in thousands):

	December 30, 2023			December 31, 2022			December 25, 2021		
	December 28, 2024			December 30, 2023			December 31, 2022		
United States									
Europe									
Asia-Pacific									
Total									

Note 18—New 17—Recent Accounting Pronouncements

Adopted

ASU 2023-09 2023-07

In DecemberNovember 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The ASU includes requirements that an entity disclose the title of the CODM and on an interim and annual basis, significant segment expenses and the composition of other segment items for each segment's reported profit. The standard also permits disclosure of additional

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

measures of segment profit. The ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, on a retrospective basis. We adopted the new standard effective December 28, 2024. As a result, we have enhanced our segment disclosures to include the presentation of cost of revenues, Research and development, Selling, and Marketing expenses by segment. The adoption of this ASU affects only our disclosures, with no impacts to our financial condition and results of operations. See Note 16, *Segments and Geographic Information*, for the additional information.

Pending Adoption

ASU 2024-03

In November 2024, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2024-03, *"Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses."* This ASU requires an entity to disclose the amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization included in each relevant expense caption. It also requires an entity to include certain amounts that are already required to be disclosed under current GAAP in the same disclosure. Additionally, it requires an entity to disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and to disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. The amendments in the ASU are effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, with early adoption permitted. An entity may apply the amendments prospectively for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. While this ASU will impact only our disclosures and not our financial condition and results of operations, we are currently evaluating when we will adopt the ASU.

ASU 2023-09

In December 2023, the FASB issued ASU 2023-09, *"Income Taxes (Topic 740): Improvements to Income Tax Disclosures."* The ASU includes requirements that an entity disclose specific categories in the rate reconciliation and provide additional information for reconciling items that are greater than five percent of the amount computed by multiplying pretax income by the applicable statutory income tax rate. The standard also requires that entities disclose income before income taxes and provision for income taxes disaggregated between

FORMFACTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

domestic and foreign. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted. An entity may apply the amendments in this ASU prospectively by providing the revised disclosures for the period ending December 27, 2025 and continuing to provide the pre-ASU disclosures for the prior periods, or may apply the amendments retrospectively by providing the revised disclosures for all periods presented. We have not yet determined will adopt this ASU retrospectively for the period ending December 27, 2025, and it will impact of this standard on only our disclosures with no impacts to our financial statements.

ASU 2023-07

In November 2023, the FASB issued ASU 2023-07, *"Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures."* The ASU includes requirements that an entity disclose the title condition and results of the CODM and on an interim and annual basis, significant segment expenses and the composition of other segment items for each segment's reported profit. The standard also permits disclosure of additional measures of segment profit. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, on a retrospective basis, with early adoption permitted. We have not yet determined the impact of this standard on our financial statements. operations.

ASU 2020-04

In March 2020, the FASB issued ASU 2020-04, *"Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting."* The ASU provides temporary optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued. In December 2022, the FASB issued ASU 2022-06, *"Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848,"* extending the relief offered in Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the optional expedients in Topic 848.

In May 2023, the Company entered into a rate replacement amendment to its credit facility loan agreement to replace LIBOR with the Secured Overnight Financing Rate ("SOFR") and concurrently signed an amendment to modify the floating rate option on its interest rate swap to match that of the debt. The Company applied practical expedients provided in Topic 848 allowing the modified instrument to be accounted for and presented in the same manner as the instrument existing before the modification. These modifications did not have a significant impact on our financial statements.

Note 19-Subsequent 18—Subsequent Events

Advantest Private Placement

On February 7, 2024 January 10, 2025, Advantest America, Inc., a Delaware corporation, acquired 334,971 shares of FormFactor's common stock in a private placement for \$44.78 per share, representing the Company announced entry into 5-day trailing volume-weighted average price prior to signing the related private placement agreement.

FICT Equity Investment

On February 21, 2025, we, together with MBK Partners, a definitive agreement to sell its China operations to Grand Junction Semiconductor Pte. Ltd, private equity firm, acquired FICT Limited ("FICT") from Advantage Partners Inc. In connection with the acquisition, we obtained a 20% equity interest in FICT, in exchange for \$25.0 funding \$59.6 million of the purchase price. Headquartered in cash, subject to customary purchase price adjustments, Nagano, Japan, FICT is a provider of semiconductor test and establish an exclusive

distribution high-performance computing industries with complex multi-layer organic substrates, printed circuit boards, and partnership agreement to continue sales related leading-edge technologies and support of our products to services. Under the region. The following subsidiaries are equity method, upon closing this investment, the investment will be included as part a separate item in our Consolidated Balance Sheets and we will record our proportionate share of the divestiture: Microprobe HongKong Limited, FormFactor Technology (Suzhou) Co. Ltd., Cascade Microtech Singapore Pte, Ltd, and FormFactor International (Shanghai) Trading Co., Ltd, FICT's net income or loss as a separate item in our Consolidated Statements of Operations.

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Exhibit 3.1

**CERTIFICATE OF AMENDMENT
OF
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
FORMFACTOR, INC.**

Pursuant to Section 242
of the General Corporation Law of the State of Delaware

FormFactor, Inc., a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

1. Section D of Article FIFTH of the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended in its entirety to read as follows:

"D. Subject to the rights of the holders of any series of Preferred Stock then outstanding, and unless otherwise required by law, any director or the entire Board of Directors of the Corporation may be removed with the affirmative vote of the holders of at least sixty six and two-thirds percent (66 2/3%) of the shares then entitled to vote at an election of directors (i) until the election of directors at 2024 annual meeting of stockholders (the "2024 Annual Meeting"), only for cause and (ii) from and after the election of directors at the 2024 Annual Meeting, with or without cause."

2. Section E of Article FIFTH of the Amended and Restated Certificate of Incorporation of the Corporation is hereby amended in its entirety to read as follows:

"E. Director Terms:

(1) The provisions of this Article FIFTH, Section E are subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances.

(2) Until the election of directors at the 2024 Annual Meeting, the directors shall be divided into three classes: Class I, Class II, and Class III. Each director elected prior to the 2022 annual meeting of stockholders shall be elected for a term expiring on the date of the third annual meeting of stockholders following the annual meeting at which the director was elected. Each director elected at the 2022 annual meeting of stockholders shall be elected for a one-year term expiring at the 2023 annual meeting of stockholders. Each director elected at the 2023 annual meeting of stockholders shall be elected for a one-year term expiring at the 2024 Annual Meeting. At the 2024 Annual Meeting and each annual meeting of stockholders thereafter, all directors shall be elected for a one-

year term expiring at the next annual meeting of stockholders. Notwithstanding any of the foregoing provisions of this Article FIFTH, each director shall serve until such director's term has expired and such director's successor is elected and qualified or until such director's earlier death, resignation or removal."

3. The foregoing amendments to the Amended and Restated Certificate of Incorporation of the Corporation were duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment to the Amended and Restated Certificate of Incorporation on this 27th day of May, 2022.

FORMFACTOR, INC.

By: /s/ Michael D. Slessor

Name: Michael D. Slessor

Title: President and Chief Executive Officer

Exhibit 3.2

**RESTATED
CERTIFICATE OF INCORPORATION
OF FORMFACTOR, INC.**

FormFactor, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 245 thereof, DOES HEREBY CERTIFY:

FIRST: The name of this corporation is FormFactor, Inc. FormFactor, Inc. was originally incorporated under the same name and the original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on April 15, 1993.

SECOND: This Restated Certificate of Incorporation of the Corporation only restates and integrates and does not further amend the provisions of the corporation's Certificate of Incorporation as theretofore amended or supplemented and there is no discrepancy between the provisions of the Certificate of Incorporation as theretofore amended and supplemented and the provisions of this Restated Certificate of Incorporation. This Restated

Certificate of Incorporation was duly adopted in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware.

NOW, THEREFORE, BE IT RESOLVED, that the Certificate of Incorporation of this Corporation be, and it hereby is, restated and integrated to read in its entirety as follows:

FIRST

The name of this corporation is FormFactor, Inc.

SECOND

The address of its registered office in the State of Delaware is 15 East North Street, City of Dover, County of Kent. The name of its registered agent at such address is United Corporate Services, Inc.

THIRD

The nature of the business and of the purposes to be conducted and promoted by the Corporation are to conduct any lawful business, to promote any lawful purpose, and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH

A. This Corporation is authorized to issue two classes of shares of stock, to be designated, respectively, "Common Stock" and "Preferred Stock." The Preferred Stock

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may be issued in one or more series. The total number of shares that the Corporation is authorized to issue is Two Hundred Sixty Million (260,000,000). Two Hundred Fifty Million (250,000,000) shares with a par value of \$0.001 each shall be Common Stock, and Ten Million (10,000,000) shares with a par value of \$0.001 each shall be Preferred Stock.

B. The Board of Directors is authorized, subject to any limitations prescribed by this Article FOURTH or the law of the State of Delaware, to provide for the issuance of the shares of Preferred Stock in one or more series, and, by filing a Certificate of Designation pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof, and to increase or decrease the number of shares of any such series (but not below the number of shares of such series then outstanding). The number of authorized shares of Preferred Stock may also be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, unless a vote of any other holders is required pursuant to this Article FOURTH or to a Certificate or Certificates of Designation establishing a series of Preferred Stock.

C. Except as otherwise expressly provided in this Article FOURTH or in any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article FOURTH, any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board of Directors without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and any such new series may have powers, preferences and rights, including, without limitation, voting rights, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the Common Stock, the Preferred Stock, or any future class or series of Preferred Stock or Common Stock.

FIFTH

For the management of the business and for the conduct of the affairs of this Corporation, and in further definition, limitation and regulation of the powers of the Corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. The conduct of the affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors shall be fixed from time to time exclusively by resolution of the Board of Directors.

B. Notwithstanding the foregoing provision of this Article FIFTH, each director shall hold office until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal. No decrease in the authorized number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

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C. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any vacancy occurring in the Board of Directors for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, shall, unless (i) the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders, or (ii) as otherwise provided by law, be filled only by the affirmative vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred.

D. Subject to the rights of the holders of any series of Preferred Stock then outstanding, and unless otherwise required by law, any director or the entire Board of Directors of the Corporation may be removed with the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the shares then entitled to vote at an election of directors (i) until the election of directors at 2024 annual meeting of stockholders (the "2024 Annual Meeting"), only for cause and (ii) from and after the election of directors at the 2024 Annual Meeting, with or without cause.

E. Director Terms:

(1) The provisions of this Article FIFTH, Section E are subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances.

(2) Until the election of directors at the 2024 Annual Meeting, the directors shall be divided into three classes: Class I, Class II, and Class III. Each director elected prior to the 2022 annual meeting of stockholders shall be elected for a term expiring on the date of the third annual meeting of stockholders following the annual meeting at which the director was elected. Each director elected at the 2022 annual meeting of stockholders shall be elected for a one-year term expiring at the 2023 annual meeting of stockholders. Each director elected at the 2023 annual meeting of stockholders shall be elected for a one-year term expiring at the 2024 Annual Meeting. At the 2024 Annual Meeting and each annual meeting of stockholders thereafter, all directors shall be elected for a one-year term expiring at the next annual meeting of stockholders. Notwithstanding any of the foregoing provisions of this Article FIFTH, each director shall serve until such director's term has expired and such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

F. Election of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

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G. No action shall be taken by the stockholders of the Corporation except at an annual or special meeting of stockholders called in accordance with the Bylaws of the Corporation, and no action shall be taken by the stockholders by written consent.

H. Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation. Business transacted at special meetings of stockholders shall be confined to the purpose or purposes stated in the notice of meeting.

I. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws, each as amended, and notwithstanding the fact that a lesser percentage may be specified by applicable law, this Certificate of Incorporation or the Bylaws, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the Corporation's outstanding voting stock then entitled to vote at an election of directors, voting together as a single class, shall be required to alter, change, amend or repeal, or adopt any provision inconsistent with, this Article FIFTH.

SIXTH

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, make, alter or repeal the By-laws of the Corporation unless and to the extent such authority is specifically and expressly limited in the By-laws or this Certificate of Incorporation. Notwithstanding any other provisions of law, this Certificate of Incorporation or the Bylaws, each as amended, and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the Bylaws, the affirmative vote of the holders of at least sixty six and two-thirds percent (66 2/3%) of the outstanding voting stock then entitled to vote at an election of directors, voting together as a single class, shall be required to make, alter, change, amend or repeal, or adopt any provision inconsistent with, this Article SIXTH.

SEVENTH

A. No director shall have any personal liability to the Corporation or its stockholders for any monetary damages for breach of fiduciary duty as a director, except that this Article shall not eliminate or limit the liability of each director (i) for any breach of such director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which such director derived an improper personal benefit.

B. It is the intention of the foregoing provision to eliminate the liability of the Corporation's directors to the fullest extent permitted by Section 102(b)(7) of the General Corporation Law of the State of Delaware, as amended from time to time. If the General

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Corporation Law of the State of Delaware is amended after approval by the stockholders of this Article SEVENTH to authorize corporate action further eliminating or limiting the personal liability of directors, then a director of the Corporation, in addition to the circumstances in which he is not now personally liable, shall be free of liability to the fullest extent permitted by the General Corporation Law of the State of Delaware as so amended.

C. Any repeal or modification of the foregoing Section A of this Article SEVENTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

D. Neither any amendment nor repeal of this Article SEVENTH, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article SEVENTH, shall eliminate or reduce the effect of this Article SEVENTH in respect of any matter occurring, or any cause of action, suit or claim accruing or arising or that, but for this Article SEVENTH, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

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IN WITNESS WHEREOF, the Corporation has caused this Restated Certificate of Incorporation to be executed on its behalf by its President and Chief Executive Officer, this 27th day of May, 2022.

FORMFACTOR, INC.

By: /s/ Michael D. Slessor

Michael D. Slessor

President and Chief Executive Officer

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Exhibit 10.1

FORMFACTOR, INC. SEVERANCE PLAN FOR US EXECUTIVES

(Adopted August 2, 2024)

The purpose of the FormFactor, Inc. Severance for US Executives, as amended from time to time (the "Plan"), is to better provide for the retention of key executives through providing them with a higher degree of financial security, on the terms and conditions hereinafter stated. The Plan is intended to be a severance pay plan governed by Title I of ERISA primarily for the purpose of providing benefits for a select group of management or highly compensated employees. All benefits under the Plan will be paid solely from the general assets of the Company.

Article I

DEFINITIONS

Section 1.01 As used in this Plan, the following terms shall have the respective meanings set forth below:

- (a) "Accountants" has the meaning ascribed to such term in Section 6.04 of the Plan.
- (b) "Board" means the Board of Directors of the Company.
- (c) "Bonus" means the annual bonuses payable pursuant to the Company's Employee Incentive Plan or such other plan that provides for the payment of annual incentive bonuses as may be, from time to time, authorized by the Board or the Compensation Committee.
- (d) "Cause" means: (i) any act of personal dishonesty or breach of trust taken by the Participant which is reasonably likely to result in material harm to the Company, (ii) the Participant's performance of any act or omission with respect to which, if Participant were prosecuted, would constitute a felony or a misdemeanor involving a crime of dishonesty, fraud or moral turpitude, (iii) continued willful violations by the Participant of the Participant's obligations to the Company after the Participant has received a written demand for performance from the Company which describes the basis for the Company's belief that the Participant has not substantially performed their duties, or (iv) Participant's breach or violation, in any material respect, of any agreement between Participant and the Company, or any material policy of the Company, including but not limited to the Company's Code of Conduct, Confidential Information and Invention Assignment Agreement. Cause shall be determined in the Company's sole discretion.
- (e) "Change in Control" means: the first to occur of any of the following events after the date hereof:

(i) any one person, or more than one person acting as a group (as defined under Treasury Regulation section 1.409A-3(i)(5)(v)(B)), other than the Company, an affiliate or any employee benefit plan sponsored by the Company or an affiliate, acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value of the stock of the Company;

(ii) any one person, or more than one person acting as a group (as defined under Treasury Regulation section 1.409A-3(i)(5)(v)(B)), other than the

Company, an affiliate or any employee benefit plan sponsored by the Company or an affiliate, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company;

(iii) a majority of members of the Board are replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of each appointment or election; or

(iv) any one person, or more than one person acting as a group (as defined in Treasury Regulation section 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions. For purposes of this clause (iv), gross fair market value means the value of the assets of the Company (without regard to assets of affiliates), or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

(f) For the avoidance of doubt, a transaction shall not constitute a Change in Control if it does not constitute a “change in control event” within the meaning of the Treasury Regulations promulgated under Section 409A of the Code.

(g) “CIC Period” means the period of time beginning on the date that is ninety (90) days prior to the date of a Change in Control and ending on the date that is twelve (12) months following the date of the Change in Control.

(h) “CIC Qualifying Termination” means (i) a termination of the Participant’s employment by the Company other than for Cause and other than as a result of the Participant’s death or Permanent Disability, or (ii) a termination of the Participant’s employment as a result of a resignation by the Participant for Good Reason during a CIC Period.

(i) “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, including the continuation coverage provisions under Section 4980 of the Code and the Treasury Regulations thereunder and any similar group health plan insurance continuation coverage program.

(j) “COBRA Payment Period” has the meaning ascribed to such term in Section 3.01(c) of the Plan.

(k) “Code” means the Internal Revenue Code of 1986, as amended.

(l) “Company” means FormFactor, Inc., a Delaware corporation, and any successor corporation thereto.

(m) “Company Change” means any merger, consolidation or corporate reorganization of the Company, including, for the avoidance of any doubt, a Change in Control.

(n) “Compensation Committee” means the Compensation Committee of the Board.

(o) “Date of Termination” means the date on which a Participant’s employment by the Company and its Subsidiaries terminates, in accordance with Section 8.05(b) of the Plan.

(p) “Effective Date” means the date that the Plan is adopted by the Board.

(q) “Eligible Executive” means an employee of the Company who is designated by the Company as a senior executive reporting to the Company’s Chief Executive Officer.

(r) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(s) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(t) “Excise Tax” means the excise tax imposed by Section 4999 of the Code.

(u) “Good Reason” means the occurrence of any of the following: (i) without the Participant’s express written consent, a material reduction of the Participant’s duties, position or responsibilities relative to the Participant’s duties, position or responsibilities in effect immediately prior to such reduction; (ii) without the Participant’s express written consent, a reduction by more than ten percent (10%) of the Participant’s base salary or target bonus as in effect immediately prior to the Change in Control; (iii) without the Participant’s express written consent, the relocation of the Participant’s primary work location by more than fifty (50) miles; or (iv) the failure of the Company to obtain the assumption of the Plan by a successor (by express agreement or operation of law); provided, however, that the Participant will have Good Reason to terminate employment only if (i) the Participant provides notice to the Company of the existence of the event or circumstances constituting Good Reason specified in any of the preceding clauses within ninety (90) days of the initial existence of such event or circumstances, and (ii) the Company does not remedy such event or circumstances within thirty (30) days following receipt of such notice.

(v) “Incumbent Directors” means directors who either (A) are directors of the Company as of the Effective Date, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of those directors then still in office who either were directors on the Effective Date or whose election or nomination for election was so approved.

(w) “Non-CIC Period” means the period prior to or following a CIC Period.

(x) “Non-CIC Qualifying Termination” means a termination of the Participant’s employment by the Company other than for Cause and other than as a result of the Participant’s death or Permanent Disability.

(y) “Participant” means any Eligible Executive who is selected to be a participant in the Plan by action of the Compensation Committee as specified in Section 2.01 herein.

(z) “Permanent Disability” means that the Participant would qualify to receive long-term disability payments under the long-term disability policy, as it may be amended from time to time, of the Company or the Subsidiary to which the Participant provides services covering the Participant or, if no such plan exists or applies, such term will mean a determination that a person is “totally disabled” by the Social Security Administration.

(aa) “Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of shares of the Company.

(ab) “Plan” has the meaning given in the introductory section to this Plan.

(ac) "Plan Administrator" means the Company, acting through the Compensation Committee or another duly constituted committee of members of the Board, or any Person to whom the Plan Administrator has delegated, in writing, any authority or responsibility with respect to the Plan, but only to the extent of such delegation.

(ad) "Recoupment Rules" means the Company's Clawback Policy, as amended from time to time, or any other compensation recoupment policy required to be adopted by the Company pursuant to applicable law, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, regulatory requirements, or rules of the stock exchange on which the Company's securities are listed.

(ae) "Separation from Service" means a "separation from service" within the meaning of Section 409A of the Code.

(af) "Subsidiary" means any corporation or other entity in which the Company has a direct or indirect ownership interest of fifty percent (50%) or more of the total combined voting power of the then outstanding securities of such corporation or other entity.

(ag) "Year" means the fiscal year of the Company.

Article II

PARTICIPATION

Section 2.01 Participation in the Plan. The Compensation Committee may designate any Eligible Executive to be a Participant. Promptly following such designation, each Participant shall be notified of their participation in writing from the Company. Participation in the Plan shall be determined in the Compensation Committee's sole discretion. Participation in the Plan means that the severance payments and benefits under the Plan supersede and replace any previously offered or agreed payments or benefits (including non-monetary) in the nature of severance, howsoever arising. Once participation in the Plan has commenced, a Participant shall remain a Participant until the first to occur of (i) the Participant is terminated for Cause, (ii) the completion of the delivery of all benefits under the Plan following the termination of their employment under circumstances giving rise to a right to such benefits, (iii) the Participant ceases to be an Eligible Executive, or (iv) the Compensation Committee determines in its sole discretion to remove the Participant from the Plan.

Section 2.02 Benefits Eligibility. A Participant shall become entitled to benefits under the Plan in the event they experience a CIC Qualifying Termination or Non-CIC Qualifying Termination, provided that all of the conditions set forth in Section 2.03 of the Plan are satisfied, and provided further that any benefits or severance entitlements provided to a Participant under this Plan shall be offset as contemplated under Section 2.05 of the Plan.

Section 2.03 Conditions. As a condition precedent to entitlement of each Participant to benefits under Sections 3.01(a) and (b) and 3.02(a), (b) and (c) of the Plan, the Participant agrees to each of the following:

(a) The Participant shall have executed a release with the Company, and the applicable revocation period set forth in such release shall have expired;

(b) The Participant agrees to execute a resignation letter stating that effective as of the Participant's Date of Termination, or such earlier date as required or requested by the Company, the Participant resigns as any officer or director position with the Company or any of its Subsidiaries of which they are a member and/or to which they has been appointed;

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(c) The Participant shall return to the Company all property of the Company (or Subsidiary) in the possession of the Participant (or of a person controlled by the Participant);

(d) The Participant shall reasonably cooperate with the Company to complete the transition of matters with which the Participant is familiar or responsible to other executives or employees and to make themselves reasonably available to answer questions or assist in matters which may require attention after the Participant's Date of Termination; and

Section 2.04 A Participant shall not be required to mitigate the amount of any payment or benefit provided for in the Plan by seeking other employment or otherwise and, except as provided in 3.01(b), no such payment or benefit shall be offset or reduced by the amount of any compensation or benefits provided to the Participant in any subsequent employment.

Section 2.05 The severance payments and benefits under the Plan to a Participant are intended to constitute the exclusive payments and benefits in the nature of severance or termination pay that shall be due to a Participant upon termination of their employment and to supersede any previously offered or agreed payments or benefits (including non-monetary) in the nature of severance, howsoever arising. Without limiting any of the foregoing, the severance payments and benefits under the Plan shall be in lieu of (or offset by) severance benefits or entitlements, termination indemnities, pay in lieu of notice, or the like provided under any of the Participant's other agreements, plans, practices or arrangements with the Company or a Subsidiary. Any reductions in payments or benefits shall be made in a manner that complies with Section 409A of the Code. For the avoidance of doubt, there shall be no duplication of benefits under the Plan or otherwise.

Article III

TERMINATION BENEFITS

Section 3.01 Termination During Non-CIC Period. If during a Non-CIC Period the employment of a Participant terminates as a result of a Non-CIC Qualifying Termination, then, subject to the terms of the Plan and in addition to any amounts required to be paid by applicable law such as earned and unpaid salary, the Participant shall be entitled to the following (which shall be payable in accordance with Article IV):

(a) an amount equal to the sum of (i) twelve (12) months of base salary calculated based on the Participant's base salary as of the Date of Termination, plus (ii) Participant's target annual bonus amount for the Year in which the Participant's Date of Termination occurs;

(b) provided that the Participant properly and timely elects continuation healthcare coverage under COBRA, the Company shall pay to the COBRA administrator the cost of the entire amount of the COBRA premiums for the continuation of group healthcare coverage for the Participant based on the level of coverage in effect, and, if applicable, with respect to the Participant's eligible dependents who were participating as of the Date of Termination under the Company's medical and dental group plans from the date coverage is lost following the Date of Termination and continuing until the earlier of (i) the date that is twelve (12) months following the first day of the month immediately following the Date of Termination, (ii) the date that the Participant becomes eligible to receive benefits under another employer's group health plan and (iii) the date that the Participant ceases to be eligible for COBRA (the "COBRA Payment Period"). Any further continuation of coverage under applicable law shall be at the Participant's sole responsibility and expense. A Participant may not increase the number of eligible dependents, if any, during the COBRA Payment Period unless the Participant does so at their own expense. Notwithstanding the foregoing, if the payment of COBRA premiums or the provision of benefits hereunder is likely to result in a penalty to the Participant or at any time the Company determines, in its sole discretion, that the payment of COBRA premiums or the

provision of benefits hereunder is likely to result in a penalty to the Company or violation of the nondiscrimination rules of Section 105(h)(2) of the Code or any statute or regulation of similar effect (including, without limitation, the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of paying the cost of the COBRA premiums, the Company will instead pay the Participant, on the Company's regular payroll dates during the remainder of the COBRA Payment Period, a fully taxable cash payment equal to the amount of the COBRA premiums that the Company has agreed to pay pursuant to this Section 3.01(c) for the corresponding payroll period.

Section 3.02 Termination During CIC Period. If, during the CIC Period, the employment of the Participant terminates as a result of a CIC Qualifying Termination, then, subject to the terms of the Plan and in addition to any amounts required to be paid by applicable law such as earned and unpaid salary, the Participant shall be entitled to the following (which shall be payable in accordance with Article IV):

(a) an aggregate amount equal to one (1) times the sum of (i) twelve (12) months of base salary calculated based on the Participant's base salary as of the Date of Termination, plus (ii) the greater of (x) the target annual bonus amount for the Year in which the Participant's Date of Termination occurs, or (y) the average of the last 2 year's actual bonus awarded to the Participant.

(b) an amount equal to one (1) times the sum of twelve (12) months of the COBRA premiums for the continuation of group healthcare coverage for the Participant based on the level of coverage in effect and, if applicable, with respect to the Participant's eligible dependents who were participating as of the Date of Termination under the Company's medical and dental group plans,

(c) the vesting and exercisability of (i) each option, restricted stock award, restricted stock unit or other stock-based award that is outstanding and unvested at the time of the Change in Control, and (ii) any cash-based or stock-based award that was granted in substitution for any award described in the previous clause (i) at the time of the Change in Control (any award of either (i) and (ii) each, an "Equity Award"), shall be automatically accelerated in full and the forfeiture provisions and/or Company right of repurchase of each Equity Award shall automatically lapse in full.

Article IV

FORM AND TIME OF PAYMENT

Section 4.01 The monthly installments contemplated under Section 3.01(a) of the Plan shall begin on the sixtieth (60th) day after the Participant's Separation from Service.

Section 4.02 The lump sum payments contemplated under Section 3.02(a) and (b) of the Plan shall be made on the sixtieth (60th) day after the later of the Participant's Separation from Service and the date of the Change in Control.

Section 4.03 Notwithstanding Article III or any of the foregoing, if the Participant becomes entitled to payment under Section 3.01, and if within 90 days after the Participant's Separation from Service there occurs a Change in Control causing the Participant to become entitled to payments under Section 3.02, then:

- (a) to the extent payment under Section 3.01(a) is subject to (and not exempt from) Code Section 409A, the amount payable under 3.02(a) shall be paid as provided in Section 4.02 but shall be reduced by the aggregate amount payable pursuant to

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3.01(a), and the amount payable under Section 3.01(a) shall continue to be paid as provided in Section 4.01;

- (b) to the extent payment under 3.01(a) is exempt from Code Section 409A, the amount payable under 3.02(a) shall be paid as provided in Section 4.02 but shall be reduced by the amount previously paid under 4.01, and no further amounts shall be payable under Sections 3.01(a) or 4.01; and
- (c) if the Participant has been receiving nontaxable COBRA contributions under Section 3.01(b), such amounts shall cease as of the date of the Change in Control and instead the Participant shall be entitled to the payment described in Section 3.02(b), reduced by the amount of COBRA premiums paid by the Company as of the date of the Change in Control, and payable as provided in Section 4.02; and
- (d) if the Participant has been receiving taxable amounts in lieu of COBRA contributions under Section 3.01(b), such amounts shall be continued by the Company (or its successor) after the date of the Change in Control.

Section 4.04

Article V

AMENDMENT AND TERMINATION OF PLAN

Section 5.01 This Plan may be amended or terminated at the sole discretion of the Board or Compensation Committee provided that the Board, or the Compensation Committee, as applicable, shall provide written notice to the Participant no less than one (1) year prior to any amendment that materially and adversely impacts the right of a Participant under the Plan or the termination of the Plan, and provided further that the Plan shall not be amended once the Company enters into a definite binding agreement, the consummation of which would result in the occurrence of a Change in Control.

Article VI

FEDERAL EXCISE TAX UNDER SECTION 4999 OF THE CODE

Section 6.01 In the event that the benefits provided for in this Plan (together with any other benefits or amounts payable or provided to a Participant) otherwise constitute “parachute payments” within the meaning of Section 280G of the Code and would, but for this Article VI be subject to the Excise Tax, then the Participant’s benefits under this Plan (together with any other benefits or amounts payable or provided to such Participant) shall be either: (i) delivered in full, or (ii) delivered as to such lesser extent as would result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Participant on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. In the event of a reduction of benefits hereunder, the Accountants (as defined below) shall determine which benefits shall be reduced, in accordance with Section 6.02 of the Plan hereof, so as to achieve the principle set forth in the preceding sentence. In no event shall the foregoing be interpreted or administered so as to result in an acceleration of payment or further deferral of payment of any amounts (whether under this Plan or any other arrangement) in violation of Section 409A of the Code.

Section 6.02 Any reduction in the Participant’s benefits under this Plan and/or otherwise payable or provided to such Participant shall be made as follows:

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(a) first, payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first;

(b) second, payments due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable or deliverable last reduced first;

(c) third, payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24);

(d) fourth, payments due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and

(e) fifth, all other non-cash benefits will be reduced pro-rata.

Section 6.03 In each case, the amounts of the payments and benefits shall be reduced in the inverse order of their originally scheduled dates of payment or vesting, as applicable, and shall be so reduced only to the extent necessary to achieve the reductions contemplated under Section 6.01 of the Plan.

Section 6.04 Unless the Company and the Participant otherwise agree in writing, all determinations required to be made under this Article VI, including the manner and amount of any reduction in the Participant’s benefits under this Plan, and the assumptions to be utilized in arriving at such determinations, shall be promptly determined and reported in writing to the Company and the Participant by the independent public accountants or other independent advisors selected by the Company that are not serving as the accountants or auditors for the individual, entity or group effecting the Change in Control (the “Accountants”), and all such computation and determinations shall be conclusive and binding upon the Participant and the Company. All fees and expenses of the Accountants shall be borne solely by the Company, and the Company shall enter into any agreement requested by the Accountants in connection with the performance of the services hereunder. For purposes of making the calculations required by this Article VI, the Accountants may make reasonable assumptions and approximations concerning the application of Sections 280G and 4999 of the Code. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request to make a determination under this Article VI.

Article VII

PLAN ADMINISTRATION

Section 7.01 The Plan Administrator shall have full and exclusive discretionary authority and control to administer the Plan including to, interpret the Plan, prescribe, amend and rescind rules and regulations under the Plan, resolve disputed issues of fact, grant or deny benefits under the Plan in accordance with its terms, including coverage, eligibility, and benefit determinations, and make all other determinations necessary or advisable for the administration of the Plan, subject to all of the provisions of the Plan.

Section 7.02 The Plan Administrator has the authority to delegate certain of its powers and duties to a third party. In instances in which this occurs, the third party shall have such powers as the Plan Administrator delegates to it. Benefits will be paid hereunder only if the Plan

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Administrator (or its delegate) decides in its discretion that the applicant is entitled to them by the terms of the Plan.

Section 7.03 The exercise of discretion and determinations of the Plan Administrator (or its delegate) in all matters are final and binding upon employees, participants, and beneficiaries, and all other persons, and shall be entitled to the highest deference permitted by law.

Section 7.04 The Plan Administrator is empowered, on behalf of the Plan, to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Plan Administrator will be limited to the specified services and duties for which they are engaged, and such persons will have no other duties, obligations or responsibilities under the Plan. Such persons will exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof will be borne by the Company.

Section 7.05 Following the occurrence of a Change in Control, the Company may not remove from office the individual or individuals who served as Plan Administrator immediately prior to the Change in Control; provided, however, if any such individual ceases to be affiliated with the Company, the Company may appoint another individual or individuals as Plan Administrator so long as the substitute Plan Administrator consists solely of an individual or individuals who (a) were officers of the Company immediately prior to the Change in Control, (b) were directors of the Company immediately prior to the Change in Control and are not affiliated with the acquiring entity in the Change in Control or (c) were selected or approved in writing by an officer or director described in clause (a) or (b).

Article VIII

MISCELLANEOUS PROVISIONS

Section 8.01 Withholding Taxes. The Company may withhold from all payments due to the Participant (or their beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

Section 8.02 Scope of Benefits under Plan. Nothing in this Plan shall be deemed to entitle the Participant to continued employment with the Company or its Subsidiaries; provided, however, that notwithstanding anything herein to the contrary, any termination of the Participant's employment shall be subject to all of the benefit and payment provisions of this Plan.

Section 8.03 Successors' Binding Obligation.

(a) This Plan shall not be terminated by any Company Change or transfer of assets. In the event of any Company Change or transfer of assets, the provisions of this Plan shall be binding upon the surviving or resulting corporation or any person or entity to which the assets of the Company are transferred.

(b) The Company agrees that concurrently with any Company Change or transfer of assets, it will cause any successor or transferee unconditionally to assume by written instrument delivered to the Participant (or their beneficiary or estate) all of the obligations of the Company hereunder. Failure of the Company to obtain such assumption prior to the effectiveness of any such Company Change or transfer of assets that results in a Change in Control shall constitute Good Reason hereunder and shall entitle the Participant to compensation and other benefits from the Company in the same amount and on the same terms as the Participant would be entitled hereunder if the Participant's employment were terminated in connection with a CIC Qualifying

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Termination. For purposes of implementing the foregoing, the date on which any such Company Change or transfer of assets becomes effective shall be deemed the date Good Reason occurs, and the Participant may terminate employment for Good Reason on or following such date.

(c) The rights under this Plan shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Participant shall die while any amounts would be payable to the Participant hereunder had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such person or persons appointed in writing by the Participant to receive such amounts or, if no person is so appointed, to the Participant's estate.

Section 8.04 Compensation Recoupment. The benefits provided for in this Plan shall not be deemed fully earned or vested, even if paid or distributed to the Participant, if the amount payable under Article III or any portion thereof is deemed subject to recovery, or "clawback" by the Company pursuant to the provisions of any Recoupment Rules.

Section 8.05 Notice.

(a) For purposes of this Plan, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by e-mail, by hand or overnight courier or three (3) days after deposit in the United States mail, registered and return receipt requested, postage prepaid, addressed as follows:

If to the Participant:

To the most recent address of the Participant set forth in the personnel records of the Company

If to the Company:

FormFactor, Inc.
c/o Office of the Chief Legal Officer
7005 Southfront Road
Livermore, CA 94551
Attention: Chief Legal Officer

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt. Alternatively, notice may be deemed to have been delivered when sent by facsimile to a location provided by the other party hereto.

(b) A written notice of the Participant's Date of Termination by the Company or the Participant, as the case may be, to the other, shall (i) indicate the specific termination provision in this Plan relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Participant's employment under the provision so indicated and (iii) specify the Date of Termination. In the case of a termination by the Company other than a termination for Cause, the Date of Termination shall not be less than (30) days after the notice of termination is given. In the case of a termination by the Participant, the Date of Termination shall be the date that the cure period contemplated under Section 1.01(v) has expired if the Company has failed to remedy within such period the circumstances

constituting Good Reason. The failure by the Participant or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Participant or the Company hereunder or preclude the Participant or the Company from asserting such fact or circumstance in enforcing the Participant's or the Company's rights hereunder.

Section 8.06 Employment with Subsidiaries. Employment with the Company for purposes of this Plan shall include employment with any Subsidiary.

Section 8.07 Governing Law; Validity. The interpretation, construction and performance of the provisions of this Plan shall be governed by and construed and enforced in accordance with the internal laws of the State of California without regard to the principle of conflicts of laws, to the extent the laws of the State of California are not preempted by ERISA. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which other provisions shall remain in full force and effect.

Section 8.08 Waiver. No provision of this Plan may be waived unless such waiver is agreed to in writing and signed by the Participant and by a duly authorized officer of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Plan to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by the Participant or the Company to insist upon strict compliance with any provision of this Plan or to assert any right the Participant or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Plan.

Section 8.09 Limitations on Assignment. Except as otherwise provided herein or by law, no right or interest of any Eligible Executive under the Plan will be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof will be effective; and no third party creditors of an Eligible Executive will have any right or interest in any Eligible Executive's rights or interests under the Plan. When a payment is due under this Plan to a severed employee who is unable to care for their affairs or dies after accruing benefit rights under the Plan, payment may be made directly to their legal guardian or personal representative, executor or estate administrator, as the case may be.

Section 8.10 Code Section 409A. It is intended that this Plan shall comply with the provisions of Section 409A of the Code, and the Plan shall be interpreted and administered in a manner consistent with this intent. The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend or modify the Plan to ensure that all payments are made in a manner that complies with Section 409A of the Code (including, without limitation, the avoidance of penalties thereunder) to the extent permitted under Section 409A of the Code; provided, however, that the Company is under no obligation to make such amendment or modification and makes no representations that the payments hereunder will be exempt from any penalties that may apply under Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to this Plan. Nothing in this Plan shall provide a basis for any person to take action against the Company or any affiliate thereof based on matters covered by Section 409A of the Code, including the tax treatment of any amount paid under the Plan, and neither the Company nor any of its affiliates shall under any circumstances have any liability to the Participant or the Participant's estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Plan, including taxes, penalties or interest imposed under Section 409A of the Code.

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Section 8.11 Unfunded Plan. The Plan will not be required to be funded unless such funding is authorized by the Board in its sole discretion. Regardless of whether the Plan is funded, no Eligible Executive will have any right to, or interest in, any assets of the Company which may be applied by the Company to the payment of benefits or other rights under this Plan.

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Exhibit 10.3

EMPLOYEE INCENTIVE PLAN (Amended and Restated)

(Amended as of January 25, 2022 January 28, 2025)

I. PURPOSE

This Employee Incentive Plan (this "Plan") is designed to support FormFactor, Inc. (the "Company") in being competitive within the industry to attract and retain key talent and to provide an incentive, in addition to other compensation, to those employees of the Company who have the opportunity to influence achievement of important corporate objectives and Company growth. In addition, this Plan is to closely align the interests of participating employees (the "Participants") with Company and stockholder interests and is intended as a primary purpose to encourage and induce continued employment of eligible employees with the Company.

Participants in this Plan may include the Company's executives, senior vice presidents, vice presidents, senior directors, directors, managers and other full-time employees not on the Sales Incentive Plan as determined by the chief executive officer, chief financial officer and senior human resources executive.

II. BONUS AWARDS

Bonus awards under this Plan are payable as wages, less any applicable withholdings. Actual bonus awards are based on achievement of the corporate objective(s) and business unit objective(s). The chief executive officer, chief financial officer, and senior human resources executive shall determine the period during which the corporate objective(s) and business unit objective(s) are to be measured (the "Measurement Period"). Typically, this will be a quarterly Measurement Period aligned with the Company's fiscal quarters with quarterly payment periods. However, the measurement or payment periods may be an annual period, a ~~six- month~~ six-month period, a quarterly period or any such other period approved in advance by the chief executive officer, chief financial officer, and senior human resources executive. Specific target bonus percentages, expressed as a percentage of Eligible Compensation (as defined below), will be determined by (i) the chief executive officer for all Participants other than the chief executive officer and the executive Participants directly reporting to the chief executive officer or (ii) the Compensation Committee of the Board of Directors (the "Committee") for the chief executive officer and the executive Participants directly reporting to the chief executive officer. Actual bonus awards for the chief executive officer and executive Participants directly reporting to the chief executive officer will be determined by the Committee. Target bonus percentages may be different for each Participant.

Each Participant's bonus will be based upon a "Bonus Target" which is the product of their Eligible Compensation during the measurement period ("EE\$") multiplied by the Participant's target bonus percentage ("Bonus %"). **The authorized communication of a Participant's Bonus % to the Participant is a condition precedent to the employee's eligibility to receive a bonus award under the Plan.**

III. OBJECTIVES

The objective(s) for any given Measurement Period of this Plan, including any threshold, target, and maximum levels for each objective(s), shall be determined by the chief executive officer, chief financial

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officer and senior human resources executive and approved by the Committee. There may be one or more objectives and these objectives may include various financial, operational and other measures of corporate and business unit performance, all as defined by the chief executive officer, chief financial officer and senior human resources executive and approved by the Committee. Different objectives and measures may be used for different participating employee groups. **The communication by the chief executive officer setting forth the corporate or business unit objectives applicable to each Measurement Period is a condition precedent to any bonus award being payable under this Plan in respect of such Measurement Period.**

For Measurement Periods where multiple objectives are used within one participating employee group, the weight of each objective shall be determined by the chief executive officer, chief financial officer and senior human resources executive and approved by the Committee. The Committee may require that the Company must achieve certain minimum performance in an applicable Measurement Period as a condition for any bonus awards under this Plan to be payable for such Measurement Period.

After the end of each Measurement Period the Committee shall approve whether the objective(s) for such period were achieved and, if so, the level of achievement of such objective(s).

IV. ELIGIBLE COMPENSATION

Eligible Compensation is the Participant's gross earnings paid in the applicable Measurement Period, exclusive of allowances, bonuses, equity compensation, benefits, PTO cash out, disability pay, reimbursed expenses, and similar items. Eligible Compensation includes shift differentials, lead differentials and overtime pay.

V. MISCELLANEOUS PROVISIONS

A. Administration

The Committee has full power and authority to administer and interpret this Plan and to adopt such rules and regulations consistent with the terms of this Plan as such committee may deem necessary or advisable to carry out the provisions of this Plan. All determinations and interpretations of the Committee or its authorized designees with respect to the exercise of their respective responsibilities shall be binding on the Participants.

B. Eligibility and Termination of Employment

In order to be eligible for a bonus award under this Plan, an employee must be a full-time or part-time regular employee, in good standing and employed with the Company on the payment date of the applicable Measurement Period. This is consistent with one of the primary purposes of the Plan to induce continued employment of the eligible Participants. If a Participant's employment terminates by way of death or total and permanent disability (as determined under the Company's long-term disability plan) and the Participant would have been entitled to the payment of the award if their employment had not so terminated, an award equal to the Participant's Bonus Target will be considered earned and payable for any full or partial Measurement Period that has not yet been paid as of the effective date of the Participant's death or permanent disability. Eligible Participants who enter the Plan during a Measurement Period will be immediately eligible to receive a bonus payment for the in-process Measurement Period.

C. Change in Control of Company

In the event of (1) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary or a reincorporation of the Company in a different jurisdiction), (2) a merger in which the Company is the surviving corporation but after which the stockholders of the Company immediately prior to such merger (other than any stockholder that merges, or

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which owns or controls another corporation that merges, with the Company in such merger) cease to own their shares or other equity interest in the Company, (3) the sale of substantially all of the assets of the Company, or (4) the acquisition, sale, or transfer of more than 50% of the outstanding shares of the Company by tender offer or similar transaction, all bonus awards will be deemed to have been earned at 100% of the Bonus Target value for the Measurement Period (and for the next consecutive Measurement Period if it falls within the same fiscal year) in which such change of control of the Company is consummated and will be paid to the eligible participants immediately prior to the change of control.

D. Transfer of Rights

The rights and interests of a participant under this Plan may not be assigned or transferred, except for bonus awards that are payable to a participant under this Plan, which may be assigned or transferred by will and the laws of descent or distribution.

E. Right to Employment

Employment at the Company is at-will. Participation in this Plan shall not confer on any employee the right to continued employment in the same or any other capacity, nor shall this Plan interfere with the right of the Company to discharge any participant at any time for any reason with or without cause or advance notice.

F. Rights to Plan

No employee or other person shall have any claim or right to be granted a bonus award under this Plan, nor shall participation in this Plan in one Measurement Period grant any right to participate in this Plan in any subsequent Measurement Period. Notwithstanding anything in this Plan to the contrary, the chief executive officer, chief financial officer, senior human resources executive and Committee shall have the power to terminate any individual's participation in this Plan or to reduce the bonus award payable to any Participant (or to determine that no bonus award shall be payable to such Participant) prior to the time the amount otherwise would have become payable under this Plan.

G. Withholding

The Company shall have the right to deduct from each bonus award paid under this Plan any taxes or other withholdings required by law, or any 401(k), employee stock purchase plan or other benefit elections previously authorized by a Participant to be withheld with respect to such awards.

H. Unallocated Funds

Monies that are not determined to be payable under this Plan, as determined by the Committee, will be retained by the Company without any obligation hereunder.

I. Duration, Amendment, Suspension and Termination

This Plan is applicable to each Measurement Period beginning on and after December 26, 2021. Each plan year shall be the Company's fiscal year. The Committee reserves the right to amend or suspend this Plan, in whole or in part, or terminate this Plan at any time with respect to the current or any subsequent Measurement Period.

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Exhibit 10.4

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EMPLOYEE INCENTIVE PLAN

(Amended and Restated as of January 25, 2022)

I. PURPOSE

This Employee Incentive Plan (this "Plan") is designed to support FormFactor, Inc. (the "Company") in being competitive within the industry to attract and retain key talent and to provide an incentive, in addition to other compensation, to those employees of the Company who have the opportunity to influence achievement of important corporate objectives and Company growth. In addition, this Plan is to closely align the interests of participating employees (the "Participants") with Company and stockholder interests and is intended as a primary purpose to encourage and induce continued employment of eligible employees with the Company.

Participants in this Plan may include the Company's executives, senior vice presidents, vice presidents, senior directors, directors, managers and other full-time employees not on the Sales Incentive Plan as determined by the chief executive officer, chief financial officer and senior human resources executive.

II. BONUS AWARDS

Bonus awards under this Plan are payable as wages, less any applicable withholdings. Actual bonus awards are based on achievement of the corporate objective(s) and business unit objective(s). The chief executive officer, chief financial officer, and senior human resources executive shall determine the period during which the corporate objective(s) and business unit objective(s) are to be measured (the "Measurement Period"). Typically, this will be a quarterly Measurement Period aligned with the Company's fiscal quarters with quarterly payment periods. However, the measurement or payment periods may be an annual period, a six-month period, a quarterly period or any such other period approved in advance by the chief executive officer, chief financial officer, and senior human resources executive. Specific target bonus percentages, expressed as a percentage of Eligible Compensation (as defined below), will be determined by (i) the chief executive officer for all Participants other than the chief executive officer and the executive Participants directly reporting to the chief executive officer or (ii) the Compensation Committee of the Board of Directors (the "Committee") for the chief executive officer and the executive Participants directly reporting to the chief executive officer. Actual bonus awards for the chief executive officer and executive Participants directly reporting to the chief executive officer will be determined by the Committee. Target bonus percentages may be different for each Participant.

Each Participant's bonus will be based upon a "Bonus Target" which is the product of their Eligible Compensation during the measurement period ("EE\$") multiplied by the Participant's target bonus percentage ("Bonus %"). The authorized communication of a Participant's Bonus % to the Participant is a condition precedent to the employee's eligibility to receive a bonus award under the Plan.

For Participants within the business unit organizations (e.g., Probes BU, Systems BU and Emerging Growth BU), fifty percent of the Bonus Target will then be multiplied by the corporate objective(s) achievement percentage ("Corporate %") and fifty percent of the Bonus Target will then be multiplied by the business unit achievement percentage ("Business Unit %") to achieve the Participant's final bonus amount ("Final Bonus").

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$EE\$ * \text{Bonus \%} = \text{Bonus Target}$

$\text{Bonus Target} * 50\% * \text{Corporate \%} = \text{Corporate Portion}$

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For Participants within the corporate functions (e.g., marketing, human resources, sales, service, information technology, finance and accounting) who do not participate in the Sales Incentive Plan, one hundred percent of the Bonus Target will be multiplied by the Corporate % to determine the Participant's Final Bonus.

$$EE\$ * \text{Bonus \%} = \text{Bonus Target}$$

$$\text{Bonus Target} * 100\% * \text{Corporate \%} = \text{Final Bonus}$$

III. OBJECTIVES

The objective(s) for any given Measurement Period of this Plan, including any threshold, target, and maximum levels for each objective(s), shall be determined by the chief executive officer, chief financial officer and senior human resources executive and approved by the Committee. There may be one or more objectives and these objectives may include various financial, operational and other measures of corporate and business unit performance, all as defined by the chief executive officer, chief financial officer and senior human resources executive and approved by the Committee. Different objectives and measures may be used for different participating employee groups. The communication by the chief executive officer setting forth the corporate or business unit objectives applicable to each Measurement Period is a condition precedent to any bonus award being payable under this Plan in respect of such Measurement Period.

For Measurement Periods where multiple objectives are used within one participating employee group, the weight of each objective shall be determined by the chief executive officer, chief financial officer and senior human resources executive and approved by the Committee. The Committee may require that the Company must achieve certain minimum performance in an applicable Measurement Period as a condition for any bonus awards under this Plan to be payable for such Measurement Period.

After the end of each Measurement Period the Committee shall approve whether the objective(s) for such period were achieved and, if so, the level of achievement of such objective(s).

IV. ELIGIBLE COMPENSATION

Eligible Compensation is the Participant's gross earnings paid in the applicable Measurement Period, exclusive of allowances, bonuses, equity compensation, benefits, PTO cash out, disability pay, reimbursed expenses, and similar items. Eligible Compensation includes shift differentials, lead differentials and overtime pay.

V. MISCELLANEOUS PROVISIONS

A. Administration

The Committee has full power and authority to administer and interpret this Plan and to adopt such rules and regulations consistent with the terms of this Plan as such committee may deem necessary or advisable to carry out the provisions of this Plan. All determinations and interpretations of the Committee or its

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authorized designees with respect to the exercise of their respective responsibilities shall be binding on the Participants.

B. Eligibility and Termination of Employment

In order to be eligible for a bonus award under this Plan, an employee must be a full-time or part-time regular employee, in good standing and employed with the Company on the payment date of the applicable

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C. Change in Control of Company

In the event of (1) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary or a reincorporation of the Company in a different jurisdiction), (2) a merger in which the Company is the surviving corporation but after which the stockholders of the Company immediately prior to such merger (other than any stockholder that merges, or which owns or controls another corporation that merges, with the Company in such merger) cease to own their shares or other equity interest in the Company, (3) the sale of substantially all of the assets of the Company, or (4) the acquisition, sale, or transfer of more than 50% of the outstanding shares of the Company by tender offer or similar transaction, all bonus awards will be deemed to have been earned at 100% of the Bonus Target value for the Measurement Period (and for the next consecutive Measurement Period if it falls within the same fiscal year) in which such change of control of the Company is consummated and will be paid to the eligible participants immediately prior to the change of control.

D. Transfer of Rights

The rights and interests of a participant under this Plan may not be assigned or transferred, except for bonus awards that are payable to a participant under this Plan, which may be assigned or transferred by will and the laws of descent or distribution.

E. Right to Employment

Employment at the Company is at-will. Participation in this Plan shall not confer on any employee the right to continued employment in the same or any other capacity, nor shall this Plan interfere with the right of the Company to discharge any participant at any time for any reason with or without cause or advance notice.

F. Rights to Plan

No employee or other person shall have any claim or right to be granted a bonus award under this Plan, nor shall participation in this Plan in one Measurement Period grant any right to participate in this Plan in any subsequent Measurement Period. Notwithstanding anything in this Plan to the contrary, the chief executive officer, chief financial officer, senior human resources executive and Committee shall have the power to terminate any individual's participation in this Plan or to reduce the bonus award payable to any Participant (or to determine that no bonus award shall be payable to such Participant) prior to the time the amount otherwise would have become payable under this Plan.

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G. Withholding

The Company shall have the right to deduct from each bonus award paid under this Plan any taxes or other withholdings required by law, or any 401(k), employee stock purchase plan or other benefit elections previously authorized by a Participant to be withheld with respect to such awards.

H. Unallocated Funds

Monies that are not determined to be payable under this Plan, as determined by the Committee, will be retained

L. Duration, Amendment, Suspension and Termination

This Plan is applicable to each Measurement Period beginning on and after December 26, 2021. Each plan year shall be the Company's fiscal year. The Committee reserves the right to amend or suspend this Plan, in whole or in part, or terminate this Plan at any time with respect to the current or any subsequent Measurement Period.

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Exhibit 10.28

CEO CHANGE OF CONTROL AND SEVERANCE AGREEMENT

This CEO Change of Control and Severance Agreement (the "Agreement") is made and entered into effective as of 11/15/2024 (the "Effective Date"), by and between Michael Slessor (the "Employee") and FormFactor, Inc., a Delaware corporation (the "Company").

RECITALS

A. The Company considers it essential to the best interests of its shareholders to foster the continuous employment of key management personnel.

B. The Board of Directors of the Company (the "Board") recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control (as defined below) exists and that such possibility, and the uncertainty and questions which it may raise among management, could result in the departure or distraction of management personnel to the detriment of the Company and its shareholders.

C. The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Employee, to their assigned duties without distraction in light of the possibility of a Change in Control.

AGREEMENT

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Employee hereby agree as follows.

I. Definitions. The following terms referred to in this Agreement shall have the following meanings.

"Cause" shall mean (i) any act of personal dishonesty taken by the Employee in connection with his or her responsibilities as an employee which is intended to result in substantial personal enrichment of the Employee and is reasonably likely to result in material harm to the Company, (ii) the Employee's conviction of a felony, (iii) a willful act by the Employee which constitutes misconduct and is materially injurious to the Company, or (iv) continued willful violations by the Employee of the Employee's obligations to the Company after the Employee has received a written demand for performance from the Company which describes the basis for the Company's belief that the Employee has not substantially performed his or her duties.

"Change of Control" shall mean the first to occur of any of the following events after the date hereof:

(i) Any one person, or more than one person acting as a group (as defined under Treasury Regulation section 1.409A-3(i)(5)(v)(B)), other than the Company, an affiliate or any employee benefit plan sponsored by the Company or an affiliate, acquires ownership of stock of the Company that, together with stock held by such

person or group, constitutes more than 50% of the total fair market value of the stock of the Company;

(ii) Any one person, or more than one person acting as a group (as defined under Treasury Regulation section 1.409A-3(i)(5)(v)(B)), other than the Company, an affiliate or any employee benefit plan sponsored by the Company or an affiliate, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company;

(iii) A majority of members of the Board are replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of each appointment or election; or

(iv) Any one person, or more than one person acting as a group (as defined in Treasury Regulation section 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions. For purposes of this clause (iv), gross fair market value means the value of the assets of the Company (without regard to assets of affiliates), or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For the avoidance of doubt, a transaction shall not constitute a Change in Control if it does not constitute a “change in control event” within the meaning of the Treasury Regulations promulgated under Section 409A of the Code.

“Good Reason” shall mean the occurrence of any of the following: (i) without the Employee’s express written consent, a material reduction of the Employee’s duties, position or responsibilities relative to the Employee’s duties, position or responsibilities in effect immediately prior such reduction; (ii) a reduction by more than ten percent (10%) of the Employee’s base salary or target bonus as in effect immediately prior to the Change of Control; (iii) without the Employee’s express written consent, the relocation of the Employee’s primary work location by more than fifty (50) miles; or (iv) the failure of the Company to obtain the assumption of this Agreement by a successor (by express agreement or operation of law); provided, however, that the Employee will have Good Reason to terminate employment only if (i) the Employee provides notice to the Company of the existence of the event or circumstances constituting Good Reason specified in any of the preceding clauses within ninety (90) days of the initial existence of such event or circumstances, and (ii) the Company does not remedy such event or circumstances within fifteen (15) days following receipt of such notice.

“Incumbent Directors” shall mean directors who either (A) are directors of the Company as of the Effective Date, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of those directors then still in office who either were directors on the Effective Date or whose election or nomination for election was so approved.

“Involuntary Termination” shall mean a termination of the Employee by the Company without Cause or a resignation by the Employee within one hundred and twenty (120) days of any event constituting Good Reason.

“Separation from Service” shall have the meaning given in Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”).

2. **Term of Agreement.** This Agreement shall be in effect for the period commencing on the Effective Date and ending December 31, 2025; provided, that, on December 31, 2025, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, this Agreement shall be automatically extended for one additional year, from year to year, unless at least ninety (90) days prior to any Renewal Date, the Company shall give notice to the Employee that this Agreement shall not be so extended, in which case this Agreement shall terminate on such next December 31; provided that if a Change of Control shall have occurred during the period during which this Agreement is in effect, this Agreement shall remain in effect until twelve (12) months following such Change of Control to give effect to its provisions.

3. **At-Will Employment.** The Company and the Employee acknowledge that the Employee's employment is and shall continue to be at-will, as defined under applicable law. If the Employee's employment terminates for any reason, the Employee shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be established under the Company's then existing employee benefit plans or policies at the time of termination.

4. **Change of Control and Severance Benefits; Non-solicitation.**

(a) **Involuntary Termination Following Change of Control.** If the Employee's employment with the Company terminates as a result of an Involuntary Termination at any time within twelve (12) months after a Change of Control, or within ninety (90) days prior to a Change of Control, then the Employee shall be entitled to receive from the Company the following benefits (the "CIC Severance Benefits"), contingent upon the Employee's delivery of a signed release reasonably satisfactory to the Company (the "Release") within forty-five (45) days from the Employee's Separation from Service (the "Release Deadline") and non-revocation of such Release within the time period specified therein.

(i) **Cash Severance Payments.** Employee shall receive an aggregate amount equal to one times the sum of (A) the Employee's annual base salary in effect on the date of termination plus (B) the greater of (x) the product of the Employee's annual base salary and the Employee's target bonus percentage in effect on the date of termination ("Annual Bonus Target") or (y) the Annual Bonus Target times the average rate of annual bonus paid to each executive officer (compared to such officer's target bonus) covered under a change of control severance agreement substantially similar to this Agreement averaged over the two most recently completed fiscal years preceding the date of termination. The Company shall pay the foregoing amount to the Employee in a lump sum within sixty (60) days following the Employee's Separation from Service.

(ii) **Health Benefits Continuation.** The Company shall pay to the Employee the product of: (A) the Company's monthly COBRA premium in effect on the date of Separation from Service under the Company's group health plan for the type of coverage in effect under such plan (e.g., family coverage) for the Employee on the date of Separation from Service, and (B) twelve (12), which shall be paid in a lump sum within sixty (60) days following the Employee's Separation from Service.

(iii) **Equity Acceleration.** The vesting and exercisability of each option, restricted stock award, restricted stock unit or other stock-based award, including any cash-based award that was substituted or assumed for any stock-based award at the time of the Change in Control (each, an "Equity Award") shall be automatically accelerated in full and the forfeiture provisions and/or Company right of repurchase of each Equity Award shall automatically lapse in full.

(iv) **Forfeiture upon Breach of Covenants.** Notwithstanding any of the foregoing, if the Employee materially breaches his or her obligations under paragraph (e) or (f) of this Article 4, from and after the date of such breach, the Employee will no longer be entitled to, and the Company will no longer be obligated to pay, any remaining unpaid portion of the CIC Severance Benefits.

(b) **Other Termination.** If Employee's employment with the Company terminates as a result of an Involuntary Termination at any time during the Term other than within twelve (12) months following a Change of Control, then Employee shall be entitled to receive from the Company the following benefits (the "Severance Benefits"), contingent upon the Employee's delivery of a signed release reasonably satisfactory to the Company (the "Release") within forty-five (45) days from the Employee's Separation from Service (the "Release Deadline") and non-revocation of such Release within the time period specified therein.

(i) *Cash Severance Payments.* Employee shall receive an aggregate amount equal to (A) one times the Employee's annual base salary in effect on the date of termination plus (B) Annual Bonus Target. The Company shall pay the foregoing amount to the Employee in a lump sum within sixty (60) days following the Employee's Separation from Service or.

(ii) *Health Benefits Continuation.* The Company shall pay to the Employee the product of: (A) the Company's monthly COBRA premium in effect on the date of Separation from Service under the Company's group health plan for the type of coverage in effect under such plan (e.g., family coverage) for the Employee on the date of Separation from Service, and (B) twelve (12), which shall be paid in a lump sum within sixty (60) days following the Employee's Separation from Service.

(iii) *Equity Acceleration.* Employee will become immediately vested in an additional number of shares of Company common stock under all of Employees outstanding Equity Awards as if Employee had continued in employment for twelve (12) additional months following Employee's Separation from Service; *provided* that with respect to any performance-based Equity Award for which the performance period has not ended as of the date of termination (a "Performance Award") but for which the initial vesting date would occur within twelve (12) months following

Employee's Separation from Service, such Performance Award shall remain outstanding and, upon determination of the amount earned for such performance period, the earned amount of the Performance Period shall be subject to the foregoing twelve (12) month acceleration provision (from the date of termination) and, if applicable, shall be settled within two and one-half months following the year in which Employee's Separation from Service occurs. Further, Employee will have twelve (12) months following Employee's Separation from Service to exercise any vested stock options not to exceed the expiration date of such options.

(c) *Other Termination.* If the Employee's employment with the Company terminates other than as a result of an Involuntary Termination, then the Employee shall not be entitled to receive the CIC Severance Benefits or Severance Benefits, as applicable, but may be eligible for those benefits (if any) as may then be established under the Company's or a successor company's then existing severance and benefits plans and policies.

(d) *Accrued Wages and Vacation; Expenses.* Without regard to the reason for, or the timing of, Employee's termination of employment: (i) the Company shall pay the Employee any unpaid base salary due for periods prior to the date of termination; (ii) the Company shall pay the Employee all of the Employee's accrued and unused vacation, if any, through the date of termination; and (iii) following submission of proper expense reports by the Employee, the Company shall reimburse the Employee for all expenses reasonably and necessarily incurred by the Employee in connection with the business of the Company prior to the date of termination. These payments shall be made promptly upon termination and within the period of time mandated by law.

(e) *Non-solicitation.* In consideration of the benefits and protections conferred under this Agreement, Employee agrees that for the Non-solicit Period (as defined below), the Employee shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's Personnel (as defined below) to leave their employment, or take away such Personnel, or attempt to solicit, induce, recruit, encourage or take away such Personnel, either for the Employee or for any other person or entity. "Personnel" means any of the Company's employees, excluding the Employee's administrative assistant. "Non-solicit Period" means the period commencing on the date of a Change of Control and ending twelve (12) months thereafter.

(f) *Confidentiality.* In consideration of the benefits and protections conferred under this Agreement, the Employee agrees that he or she will continue to abide by the confidentiality provisions in the Company's Employment, Confidential Information and Invention Assignment Agreement or other Company non-disclosure and intellectual property assignment agreement, as executed by the Employee.

5. *Limitation on Benefits.*

(a) Notwithstanding anything contained in this Agreement to the contrary, to the extent that the payments and benefits provided under this Agreement and benefits provided to, or for the benefit of, the Employee under any other employer plan or agreement (such payments or benefits are collectively referred to as the "Benefits") would constitute "excess parachute payments" (as such term is defined under Section 280G of the Code or any successor provisions, and the regulations promulgated thereunder) that would be subject to

the excise tax (the "Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Benefits shall be reduced (but not below zero) if and to the extent that a reduction in the Benefits would result in Employee retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax), than if Employee received all of the Benefits (such reduced amount is hereinafter referred to as the "Limited Benefit Amount"). The Company shall reduce or eliminate the Benefits, by first reducing or eliminating those payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the "Determination" (as hereinafter defined). Any such reduction shall be made in a manner consistent with the requirements of Section 409A of the Code.

(b) A determination as to whether the Benefits shall be reduced to the Limited Benefit Amount pursuant to this Agreement and the amount of such Limited Benefit Amount shall be made by the Company's independent public accountants or another certified public accounting firm or valuation firm designated by the Company (the "Accounting Firm") at the Company's expense. The Accounting Firm shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and Employee within thirty (30) days of the date of termination of Employee's employment.

6. Successors.

(a) Company's Successors. Any successor to the Company (whether direct or indirect) to all or substantially all of the Company's business and/or assets shall assume the Company's obligations under this Agreement and agree (either expressly or by operation of law) to perform the Company's obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets.

(b) Employee's Successors. Without the written consent of the Company, Employee shall not assign or transfer this Agreement or any right or obligation under this Agreement to any other person or entity. Notwithstanding the foregoing, the terms of this Agreement and all rights of Employee hereunder shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notices.

(a) General. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Employee, mailed notices shall be addressed to the Employee at the home address that the Employee most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its General Counsel, or to the Chief Financial Officer if the notice to the Company is from the General Counsel.

(b) Notice of Termination. Any termination by the Company or by the Employee shall be communicated by a notice of termination to the other party hereto given in accordance with this Article.

8. Arbitration.

(a) Any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled by binding arbitration to be held in San Francisco, California, in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the "Rules"). The arbitrator(s) may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction.

(b) The arbitrator(s) shall apply California law to the merits of any dispute or claim, without reference to conflicts of law rules. The arbitral proceedings shall be governed by federal arbitration law and by the Rules, without reference to state arbitration law. Employee hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(c) EMPLOYEE HAS READ AND UNDERSTANDS THIS ARTICLE, WHICH DISCUSSES ARBITRATION. EMPLOYEE UNDERSTANDS THAT SUBMITTING ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING ARBITRATION, CONSTITUTES A WAIVER OF EMPLOYEE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

(i) ANY AND ALL CLAIMS FOR WRONGFUL DISCHARGE OF EMPLOYMENT; BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED; NEGLIGENT OR INTENTIONAL INFLECTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION;

(ii) ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL, STATE OR MUNICIPAL STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE FAIR LABOR STANDARDS ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, AND LABOR CODE SECTION 201, *et seq.*

(iii) ANY AND ALL CLAIMS ARISING OUT OF ANY OTHER LAWS AND REGULATIONS RELATING TO EMPLOYMENT OR EMPLOYMENT DISCRIMINATION.

9. *Miscellaneous Provisions.*

(a) **Section 409A.** It is intended, and this Agreement will be so construed, that any amounts payable under this Agreement shall either be exempt from or comply with the provisions of Section 409A of the Code and the treasury regulations relating thereto so as not to subject the Employee to the payment of interest and/or any tax penalty that may be imposed under Section 409A of the Code. The Company may take any action (including with retroactive effect) that it determines necessary or appropriate to exempt any payment under this Agreement from the application of Section 409A of the Code or to cause any payment to comply with the requirements of Section 409A of the Code. Employee acknowledges and agrees that the Company has made no representation to Employee as to the tax treatment of the compensation and benefits provided pursuant to this Agreement and that Employee is solely responsible for all taxes due with respect to such compensation and benefits. In addition, to the extent (i) any payments to which Employee becomes entitled under this Agreement in connection with Employee's termination of employment with the Company constitutes deferred compensation subject to Section 409A of the Code and (ii) Employee is deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then to the extent required to avoid adverse tax treatment under Section 409A of the Code to Employee, such payment or payments shall not be made or commence until the date which is more than six (6) months after the Employee's Separation from Service or, if earlier, the date of death of the Employee. If the condition of providing a Release by the Employee could cause the payment of any amount or provision of any Benefit subject to such release to be paid or provided in either of two taxable years of the Employee, then to the extent required to avoid adverse tax treatment to Employee under Section 409A of the Code, such amount or benefit shall be paid or provided in the later such taxable year, as necessary to comply with Section 409A of the Code. Neither the Company nor any of its affiliates shall be liable to Employee for any tax, penalty or interest imposed under or with respect to Section 409A of the Code or for reporting in good faith any payment made under this Agreement as an amount includible in gross income under Section 409A of the Code. Neither the Company nor any of its affiliates are

hereby providing Employee with any tax advice with respect to Section 409A of the Code or otherwise and are not hereby making any guarantees or other assurances of any kind to Employee with respect to the tax consequences or treatment of any amounts paid or payable under this Agreement.

(b) *No Duty to Mitigate.* The Employee shall not be required to mitigate the amount of any payment contemplated by this Agreement, nor shall any such payment be reduced by any earnings that the Employee may receive from any other source.

(c) *Waiver.* No provision of this Agreement may be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Employee and by an authorized officer of the Company other than the Employee. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(d) *Integration.* This Agreement represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements, whether written or oral.

(e) *Choice of Law.* The validity, interpretation, construction, and performance of this Agreement shall be governed by the internal substantive laws, but not the conflicts of law rules, of the State of California.

(f) *Severability.* The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) *Withholding Taxes.* All payments made pursuant to this Agreement shall be subject to applicable withholding or other tax obligations of the Company and the Company may withhold from any payments due to employee under this Agreement or otherwise any tax withholding required by applicable law.

(h) *Counterparts.* This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

[signatures on following page]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

COMPANY:

FormFactor, Inc.

By: /s/Alan Chan
Printed Name: Alan Chan
Title: SVP, Chief Legal Officer

EMPLOYEE:

By: /s/Michael Slessor
Printed Name: Michael Slessor
Title: President & Chief Executive Officer

Exhibit 10.31

Execution Version

*Certain information identified by bracketed asterisks ([**]) has been omitted from this exhibit because it is both (i) not material and (ii) the type that the Registrant treats as private or confidential.*

SHARE PURCHASE AGREEMENT

by and among

Camtek Ltd.
Citus 49. GmbH

(in future: Camtek Germany Holding GmbH)

as Purchaser

and

FormFactor GmbH
as Seller

and

FormFactor, Inc.
as Parent

and

FRT GmbH
as Company

Dated as of September 17, 2023

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SHARE PURCHASE AGREEMENT

This SHARE PURCHASE AGREEMENT, dated September 17, 2023 (this "**Agreement**"), is entered into by and among CAMTEK Ltd., a public limited company organized under the laws of Israel ("**Camtek IL**"), Citus 49. GmbH (in future: Camtek Germany Holding GmbH), a limited liability company organized under the laws of Germany ("**Camtek GER**"), FormFactor GmbH, a limited liability company (*GmbH*) organized under the laws of Germany registered with the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Dresden under registration number HRB 3021 ("**Seller**"), FormFactor, Inc., a public Delaware corporation ("**Parent**"), and FRT GmbH, a limited liability company organized under the laws of Germany registered with the Commercial Register of the Local Court of Cologne under registration number HRB 87409 (the "**Company**"). Capitalized terms used in this Agreement but not otherwise defined shall have the meanings set forth in **Annex A** to this Agreement. Camtek IL and Camtek GER, hereinafter "**Purchaser**".

RECITALS

A. Seller is the legal and beneficial owner of 196,867 (one hundred ninety six thousand eight hundred sixty seven) ordinary shares (*Geschäftsanteile*) of the Company (the "**Shares**"), each with a nominal value of EUR 1.00 and with a total nominal value of EUR 196,867.00, which constitute all of the outstanding capital shares of the Company.

B. Seller wishes to sell and transfer, and Purchaser wishes to purchase and accept transfer of all of the Shares on the terms and subject to the conditions of this Agreement (the "**Share Sale**").

C. As one of the conditions and material inducements to Purchaser's willingness to enter into this Agreement, concurrently with the execution and delivery of this Agreement, the employees of the Company listed on **Exhibit A** (the "**Key Employees**") have entered into new employment arrangements (the "**Employment Arrangements**"), to become effective upon the Closing.

D. Concurrently with the execution and delivery of this Agreement, the Company, Seller and the founder of Fries Research & Technology GmbH i.L. (the business assets of which were transferred to the Company after its foundation in 2016) and managing director of the Company, in the agreed-upon form attached hereto as **Exhibit B** (the "**Consulting Agreement**"), have entered into such Consulting Agreement.

E. The respective boards of directors of Parent, Seller, Purchaser and the Company have carefully considered the terms of this Agreement and have determined that the terms and conditions of the transactions contemplated hereby, including the Share Sale, are fair to, in the best interests of, and are advisable to, Parent, Seller, Purchaser and the Company, as applicable, and have approved this Agreement and the transactions contemplated by this Agreement.

In consideration of the foregoing and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the parties agree as follows:

Article I THE SHARE SALE

Section 1.1 Purchase and Sale of the Shares. On the terms and subject to the conditions of this Agreement, Seller shall sell and transfer *in rem*(*abtreten*) pursuant to Section 15 para. 3 GmbHG to Purchaser at the Closing, and Purchaser shall purchase from Seller at the Closing, all of the Shares free and clear of all Encumbrances and together with all accrued rights and benefits attached thereto. Seller and Purchaser shall take such actions as are necessary and legally required to reflect the transfer *in rem* of the Shares on the shareholder list (*Gesellschafterliste*) filed with the Company's commercial register immediately after Closing.

Section 1.2 Assignment of the Shares. At the Closing, Seller shall transfer *in rem* all Shares in the Company to Camtek GER in accordance with Section 1.3(b). The ownership and risk in the Shares shall pass to Purchaser effective upon the Closing.

Section 1.3 Closing.

[Signature Page to Share Repurchase Agreement]

(a) **Closing Timing; Date.** The closing of the Share Sale (the "Closing") shall take place at the offices of White & Case LLP, Bockenheimer Landstraße 20, 60323 Frankfurt am Main, Germany, as soon as practicable, but in no event later than five (5) Business Days after satisfaction or, to the extent permitted by Applicable Law, waiver of all conditions to the obligations of the parties set forth in Article V (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions), or at such other place or on such other date as Seller and Purchaser may mutually agree in writing, it being understood that the notarization of the public deed pursuant to Section 1.3(b) shall take place before a notary in Frankfurt am Main, Germany. The day on which the Closing takes effect is referred to as the "Closing Date." The Closing shall be deemed to take effect at 12:01 a.m. Central European Time on the date all Closing Deliverables have been delivered and the Estimated Purchase Price has been received on the Seller's Designated Account.

(b) **Closing Deliverables.**

At the Closing, Parent and Seller shall:

(i) deliver to Purchaser a letter by the managing director of the Company, and countersigned by the Company, resigning from such office and a shareholders' resolution confirming the managing director's removal with effect as of the Closing; and

(ii) deliver to Purchaser three (3) USB sticks evidencing the documents and other materials that were Made Available to Purchaser, and indicating, for each such document or other material, the date it was uploaded to the Data Room.

At the Closing, Parent, Seller and Purchaser (as applicable) shall:

(iii) execute a public deed before a German notary public substantially in the form of Exhibit C (the "German Transfer Deed") delivering title to all of the Shares to Purchaser subject to the condition precedent of the payment of the Estimated Purchase Price;

(iv) execute and deliver to the respective other party the Transaction Documents;

(v) deliver to the respective other party all shareholders' and board approvals required by it to consummate the transactions contemplated by this Agreement; and

(vi) deliver to the respective other party such other documents and declarations proving the fulfillment of the conditions to Closing set out in Section 5.1 and Section 5.2.

(vii) (each, a "Closing Deliverable", and collectively, "Closing Deliverables").

Section 1.4 Purchase Price

. Subject to adjustment in accordance with Section 1.7 and the indemnification obligations of Parent and Seller for Losses as set forth under Article VI, the aggregate consideration in respect of all of the Shares pursuant to this Article I shall be an amount equal to: **US\$ 100,000,000** (One Hundred Million Dollars) (the "Enterprise Value") (i) plus the Closing Cash, (ii) minus the Closing Indebtedness, (iii) plus the Closing Net Working Capital Adjustment, and (iv) minus the Closing Transaction Expenses, each as set forth in the Post-Closing Statement (as so adjusted, the "Purchase Price").

Section 1.5 Estimated Purchase Price.

(a) Seven (7) Business Days prior to the Closing Date, Parent and Seller shall prepare and deliver to Purchaser a statement (the "Estimated Closing Statement") setting forth in Dollars, estimated balance sheet as of the Closing Date prepared in good faith, and in accordance with US GAAP in a manner consistent with the policies and principles used by the Company in connection with the preparation of the Financial Statements, consistently applied, as well as its good faith estimates of (i) the amount of the Closing Indebtedness (the "Estimated Closing Indebtedness"), (ii) the amount of the Closing Cash (the "Estimated Closing Cash"), (iii) the Closing Net Working Capital (the "Estimated Closing Net Working Capital"), (iv) Estimated Closing Net Working Capital

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Adjustment and (v) the Closing Transaction Expenses (the "Estimated Transaction Expenses"), quantifying in reasonable detail the estimates of the items constituting such Closing Cash, Closing Indebtedness, Closing Net Working Capital, Closing Net Working Capital Adjustment and Closing Transaction Expenses, with such statement to conclude with a good faith estimate of the Purchase Price ("Estimated Purchase Price"), in each case calculated in accordance with the terms of this Agreement. The Estimated Closing Statement shall be prepared in a manner consistent with the policies and principles used by the Company in connection with the preparation of the Financial Statements, consistently applied.

(b) For purposes of the Estimated Closing Statement and all calculations (including payments) in this Article I, the rate of exchange as between any two currencies, shall be determined based upon the amounts for such currencies consistent with the rates currently utilized by the Company in its financial statements.

(c) During the period after the delivery of the Estimated Closing Statement and prior to the Closing Date, the parties' respective CFOs shall have an opportunity to discuss the Estimated Closing Statement and cooperate in good faith to mutually agree upon the Estimated Closing Statement in the event Purchaser disputes any item proposed to be set forth on such statement; provided, that, if the parties' respective CFOs are not able to reach mutual agreement prior to the Closing Date, the Estimated Closing Statement provided by Parent and Seller to Purchaser shall be binding for purposes of this Section, but not, for the avoidance of doubt, for purposes of Section 1.7.

Section 1.6 Payment Mechanics at Closing. At the Closing, Purchaser shall pay, or cause to be paid, in cash, to Seller, by wire transfer of immediately available funds to a bank account designated by Seller in Exhibit D (the "Designated Seller Account"), the Estimated Purchase Price in Dollars.

Section 1.7 Post-Closing Adjustment.

(a) Within thirty (30) Business Days after the Closing Date, Purchaser shall prepare and deliver to Seller a statement (the "Post-Closing Statement") substantially in the form attached hereto as Exhibit E setting forth (i) an unaudited balance sheet as of the Closing Date of the Company, prepared in accordance with US GAAP and in a manner consistent with the policies and principles used by the Company in connection with the preparation of the Financial Statements, consistently applied, (ii) Purchaser's calculation, in reasonable detail, of Closing Cash, Closing Indebtedness, Closing Net Working Capital Adjustment and Closing Transaction Expenses, and (iii) Purchaser's calculation, in reasonable detail, of any necessary adjustment to the Estimated Purchase Price, in each case calculated in accordance with the terms of this Agreement.

(b) During the twenty (20) Business Day period following delivery of the Post-Closing Statement to Seller, Purchaser shall provide Seller and its Representatives with other information and supporting materials used in preparing the Post-Closing Statement reasonably requested by Seller and its Representatives. The Post-Closing Statement and its calculation of the Purchase Price shall become final and binding on the twentieth (20th) Business Day following delivery thereof, unless prior to the end of such period, Seller delivers to Purchaser written notice of its disagreement (a "Notice of Disagreement") specifying the nature and amount of any disputed item. Seller shall be deemed to have agreed with all items and amounts in the Post-Closing Statement not specifically referenced in the Notice of Disagreement, and such items and amounts shall not be subject to review under subsection (c) below.

(c) During the ten (10) Business Day period following delivery of a Notice of Disagreement by Seller to Purchaser, the parties shall seek in good faith to resolve in writing any differences they may have with respect to the matters specified therein. During such ten (10) Business Day period, each party shall provide the other party and their respective Representatives with reasonable access during normal business hours upon reasonable advance notice to the working papers of the other party and such party's respective Representatives relating to such Notice of Disagreement, and each party shall and shall cause its respective Representatives to cooperate with the other party and such other party's respective Representatives to provide them with other information used in preparation of the Post-Closing Statement and/or such Notice of Disagreement, as applicable, as reasonably requested by each party or such party's Representatives including, upon reasonable advance notice, access during normal business hours to relevant personnel and records. Any disputed items resolved in writing between Seller and Purchaser within such ten (10) Business Day period shall be final and binding with respect to such items, and if Seller and Purchaser agree in writing on the resolution of each disputed item specified in the Notice of Disagreement, the amount so determined shall be final and binding on the parties for all purposes hereunder.

(d) If Seller and Purchaser have not resolved all such differences by the end of such ten (10) Business Day period, Seller or Purchaser shall have the right to submit, in writing, to a public accounting firm of international reputation with capabilities in the United States and Germany and which is not conflicted with either Seller or Purchaser as shall be agreed in writing by Seller and Purchaser (the "Accounting Firm"), their briefs detailing their views as to the correct nature and amount of each item remaining in dispute and the amounts of Closing Cash, Closing Indebtedness, Closing Net Working Capital Adjustment and Closing Transaction Expenses, (in each case, if and to the extent disputed), and the Accounting Firm shall make a written determination as to each such disputed item and the Purchase Price calculated thereupon, which determination shall be final and binding on the parties for all purposes hereunder. Purchaser, Parent and Seller shall provide to the Accounting Firm all working papers and back-up materials relating to the items remaining in dispute to the extent available to Purchaser and Seller. Purchaser and Seller shall be afforded the opportunity to present to the Accounting Firm any material related and to discuss the issues with the Accounting Firm. The Accounting Firm shall be authorized to resolve only those items remaining in dispute between the parties in accordance with the provisions of this Section within the range of the difference between Purchaser's position with respect thereto and Seller's position with respect thereto. The determination of the Accounting Firm shall be accompanied by a certificate of the Accounting Firm that it reached such determination in accordance with the provisions of this Section. Seller and Purchaser shall use their commercially reasonable efforts to cause the Accounting Firm to render a written decision resolving the matters submitted to it within twenty (20) Business Days following the submission thereof. Notwithstanding anything to the contrary in this Agreement, the costs of any dispute resolution pursuant to this subsection, including the fees and expenses of the Accounting Firm and of any enforcement of the determination thereof, shall be shared by Seller and Purchaser in inverse proportion to the relative amounts of the disputed amount determined to be for the account of Seller and Purchaser, respectively. The fees and disbursements of the Representatives of each party incurred in connection with their preparation or review of the Post-Closing Statement and preparation or review of any Notice of Disagreement, as applicable, shall be borne by such party.

(e) The Estimated Purchase Price, as adjusted pursuant to this [Section 1.7](#) in light of the final and binding Post-Closing Statement, shall be considered the Purchase Price. The amount by which the Purchase Price exceeds or is less than the Estimated Purchase Price shall be (such upward or downward amount, the "Adjustment Amount"). If the Purchase Price is less than the Estimated Purchase Price, then Parent and Seller shall pay such Adjustment Amount to Purchaser no later than five (5) Business Days following the date of the determination of the Adjustment Amount. If the Purchase Price is greater than the Estimated Purchase Price, then Purchaser shall pay such Adjustment Amount to Seller no later than five (5) Business Days following the date of the determination of the Adjustment Amount. Parent, Seller, Purchaser, and the Company agree to treat any payment made pursuant to this [Section 1.7\(e\)](#) as an adjustment to the purchase price for all income tax purposes, except as required by Applicable Law.

(f) Payments of the Adjustment Amount shall be made by wire transfer of Dollars in immediately available funds to Seller's Designated Account or such account as may be designated in writing by Purchaser (as applicable).

Section 1.8 Tax Withholding. Notwithstanding anything in this Agreement to the contrary, all amounts payable pursuant to the terms of this Agreement shall be subject to applicable Tax withholding requirements, and Purchaser and its agents, shall be entitled to deduct or withhold or cause to be deducted or withheld from amounts payable pursuant to this Agreement any amount that is required to be deducted or withheld under Applicable Law with respect to Taxes. To the extent that amounts are so deducted or withheld, such amounts shall be treated for all purposes of this Agreement as having been paid to the Persons with respect to whom such amounts were deducted or withheld. Subject and without prejudice to the foregoing sentences of this [Section 1.8](#), Purchaser will take commercially reasonable steps to assist Seller (at Seller's cost and expense and following the reasonable request of Seller) in obtaining any available exemption or refund of any Taxes permitted to be withheld pursuant to this [Section 1.8](#) from the applicable Taxing Authority.

Section 1.9 VAT. The parties believe that the Share Sale is either not taxable for VAT purposes or exempt from VAT. Seller undertakes not to opt in favor of and shall not waive any exemption from VAT in respect of the Share Sale. If and to the extent the Share Sale is treated as subject to and not exempt from VAT by any Tax authority, Purchaser shall pay such VAT from the Closing Date in addition to the Purchase Price, unless such treatment results from Seller not fully complying with its undertaking under sentence 2 of this Section in which case the Purchase Price shall be inclusive of VAT. VAT from the Closing Date is due for payment as soon as Purchaser has received from Seller an invoice which complies with mandatory Applicable Law.

Article II

REPRESENTATIONS AND WARRANTIES BY THE COMPANY, PARENT AND SELLER

Except as set forth in the corresponding Sections or subsections of the disclosure schedule contained in [Exhibit F](#) (it being understood that the disclosures set forth in each Section and subsection of which: (A) qualify only (i) the corresponding Section or subsection of this [Article II](#) of the Agreement and (ii) such other Sections and subsections of this [Article II](#) of the Agreement for which it is readily and objectively apparent from a reading of the disclosure without any independent knowledge on the part of the reader regarding the matter disclosed that such disclosure is applicable to such other Sections or subsections, and (B) shall be deemed for all purposes to be part of the representations and warranties made in the corresponding Section or subsection of this [Article II](#) of the Agreement) (the "[Disclosure Schedule](#)"), Parent, Seller and Company hereby, jointly and severally, upon the execution of this Agreement and, except where stated otherwise, at Closing represent and warrant to Purchaser as follows:

Section 2.1 [Ownership of the Shares.](#) Seller is the sole legal and beneficial owner of the Shares as set out in [Section 2.1](#) of the Disclosure Schedule which represent 100% of the total share capital of Company. Neither Seller nor any of its Affiliates nor any other Person (other than the Company) has any options, warrants, instruments of any kind convertible into shares of the Company, any or other rights to acquire capital shares or any other security of the Company. There is no Encumbrance over or affecting any of the Shares or any unissued capital shares of the Company, nor is there any agreement or commitment to create any such Encumbrance and no Person other than Seller has any right or interest in relation to the Shares. No Contract exists between the Company and Seller or any of their Affiliates and any other Person (other than the Company) in relation to the Shares or any unissued capital shares of the Company.

Section 2.2 [Authority.](#) Each of Parent, Seller and Company has all necessary power and authority to execute and deliver this Agreement and each other Transaction Document to which it is or, at the Closing, will become a party, to perform its obligations under this Agreement and each such other Transaction Document to which it is a party, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each of Parent, Seller and Company of this Agreement and each other Transaction Document to which it is or, at the Closing, will become a party, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by all necessary action on the part of each of Parent, Seller and Company (including by the respective shareholders' meeting, board of directors or equivalent governing body), and no other corporate, partnership or similar proceedings on the part of each of Parent, Seller and the Company are necessary to authorize this Agreement and each such other Transaction Document, or to perform their obligations under or to consummate the transactions contemplated hereby and thereby. Each of Parent, Seller and Company has or, with respect to any Transaction Document to be executed at the Closing, at the Closing will have duly and validly executed and delivered this Agreement and each other Transaction Document to which it is or, at the Closing, will become a party and, assuming the due authorization, execution and delivery of the other parties hereto and thereto, this Agreement and each such other Transaction Document constitutes or, with respect to any Transaction Document to be executed at the Closing, will constitute the valid, legal and binding obligations of each of Parent, Seller and Company, as applicable, enforceable against each of Parent, Seller and Company in accordance with its respective terms, subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereafter in effect relating to creditors' rights generally or to general principles of equity.

Section 2.3 [Organization and Qualification.](#)

(a) Each of Parent, Seller and Company is a company duly established, duly organized, and validly existing under the Applicable Laws and has the requisite corporate power and authority to own, lease and operate all of its properties and assets and to carry on its business as it is now being conducted and as currently proposed to be conducted. Each of Parent, Seller and Company is duly qualified or licensed to do business, and is in good standing (to the extent such concept or a comparable status is recognized), in each jurisdiction where the character of the properties and assets occupied, owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary.

(b) Except to the extent set forth in [Section 2.3\(b\)](#) of the Disclosure Schedule, the Company did not have nor has any subsidiaries and does not directly or indirectly own or has owned

any equity, partnership, membership or similar interest in, or any interest convertible into, exercisable for the purchase of or exchangeable for any such equity, partnership, membership or similar interest, or is under any current or prospective obligation to form or participate in, provide funds to, make any loan, capital contribution or other investment in or assume any Liability of, any Person.

Section 2.4 [No Conflict; Required Consents and Approvals.](#)

(a) Except to the extent set forth in [Section 2.4\(a\)](#) the execution, delivery and performance by Parent, Seller and Company of this Agreement and each of the Transaction Documents to which Parent, Seller or Company is or will be a party, and the consummation of the transactions contemplated hereby and

thereby, do not and will not: (i) conflict with or violate any Applicable Law with respect to Parent, Seller and Company; or (ii) result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default or breach) under, require any consent of or notice to any Person pursuant to, or give to others any right of termination, amendment, modification, acceleration or cancellation of, allow the imposition of any fees or penalties, require the offering or making of any payment or redemption, give rise to any increased, guaranteed, accelerated or additional rights or entitlements of any Person or otherwise adversely affect any rights of Parent, Seller and/or the Company under, or result in the creation of any Encumbrance on any property, asset or right of Parent, Seller, or Company pursuant to, any note, bond, mortgage, indenture, agreement, lease, license, permit, franchise, instrument, obligation or other Contract to which Parent, Seller or Company is a party or by which Parent, Seller, or the Company or any of its respective properties, assets or rights are bound or affected.

(b) Except to the extent set forth in Section 2.4(b), the execution, delivery and performance by Parent, Seller, and Company of this Agreement and each of the Transaction Documents to which Parent, Seller or Company is or will be a party and the consummation of the transactions contemplated hereby or thereby by Parent, Seller or the Company does not, and the performance of this Agreement by Parent, Seller and the Company will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity for such performance or in order to prevent the termination of any right, privilege, license or qualification of Parent, Seller or the Company.

Section 2.5 Absence of Claims; Actions. Neither Parent, Seller nor any other Affiliate thereof has any existing dispute of any kind with the Company, nor are there any facts and circumstances that would be reasonably likely to serve as a basis therefor. There are no Actions of any nature pending or threatened in writing arising out of or relating to Seller's ownership of the Shares or any other Contract between Parent, Seller or any other Affiliate thereof and the Company, nor is there any Action pending or threatened with respect to which Parent, Seller or any other Affiliate thereof has any right pursuant to Applicable Law or Contract to indemnification or contribution from the Company, nor, to Seller's Knowledge, is there any basis therefor. No Action seeking to prevent, hinder, modify, delay or challenge the transactions contemplated by this Agreement or the Transaction Documents has occurred, is pending or threatened in writing, and, to the Seller's Knowledge, there is no basis for any such Action. There is no outstanding order, writ, judgment, injunction, decree, determination or award of, or pending or threatened investigation by, any Governmental Entity relating to the Company, or any of its respective properties or assets, or any of their respective officers, directors or managing directors, or the transactions contemplated by this Agreement or the Transaction Documents.

Section 2.6 Insolvency. No order has been made, petition presented or meeting convened for the bankruptcy or winding up of Parent, Seller or the Company or for the appointment of any liquidator or in relation to any other process whereby the assets of Parent, Seller or Company are distributed amongst its creditors and/or shareholders or other contributors. No insolvency or similar proceedings are pending or threatened against Parent, Seller or the Company or their assets. There are no Actions under any applicable bankruptcy, insolvency, reorganization or similar Applicable Laws, and no events have occurred which, under Applicable Law, would be reasonably likely to justify any such cases or proceedings. No receiver, insolvency administrator or trustee has been appointed in respect of the whole or any part of any of the property or assets of Parent, Seller or the Company, nor has any such order been made (including, in any relevant jurisdiction, any other order by which, during the period it is in force, the affairs and assets of Parent, Seller or Company are managed by a Person appointed for the purpose by a Governmental Entity or similar body). None of Parent, Seller or the Company has taken any steps with a view to a suspension of payments or a moratorium of any indebtedness or has made any voluntary arrangement with any of its creditors or is insolvent, over-indebted (*überschuldet*) or unable to pay its debts as they fall due (*zahlungsunfähig*), nor is such situation imminent.

Section 2.7 Articles of Association. The Company has Made Available to Purchaser a complete and correct copy of the articles of association (*Gesellschaftsvertrag*), as amended to date, of the Company. These articles of association are in full force and effect.

Section 2.8 Capitalization.

(a) The total share capital of the Company consists of 196,867 (one hundred ninety six thousand eight hundred sixty seven) ordinary shares as reflected in Section 2.1 of the Disclosure Schedule, with a total nominal value of EUR 196,867.00 which constitute all of the share capital of the Company.

(b) Section 2.8(b) of the Disclosure Schedule sets forth the owners of the Shares, which constitute all of the outstanding shares of the Company.

(c) The Company has not issued or agreed to issue, or is obligated to issue, any: (i) share of capital shares or other equity or ownership interest; (ii) option, warrant or interest convertible into or exchangeable or exercisable for the purchase of capital shares or other equity or ownership interests; (iii) share appreciation right, phantom shares, interest in the ownership or earnings of the Company or other equity equivalent or equity-based award or right; or (iv) bond, debenture or other Indebtedness having the right to vote or convertible or exchangeable for securities having the right to vote. There are no outstanding obligations of the Company to repurchase, redeem or otherwise acquire, or that relate to the holding, voting or disposition of or that restrict the transfer of, the issued or unissued capital shares or other equity or ownership interests of the Company.

(d) Each outstanding capital share or other equity or ownership interest of the Company is duly authorized, validly issued, fully paid and non-assessable and free and clear of any Encumbrance. There are no declared or accrued but unpaid dividends or other distributions with respect to any Shares. Seller is not obliged to make any further contributions in relation to the Shares (*keine Nachschusspflicht*).

(e) Section 2.8(e) of the Disclosure Schedule sets forth a complete and accurate list of all shareholder agreements, investors rights agreements, voting agreements, voting trusts, right of first refusal and co-sale agreements, pre-emptive rights agreements, rights of first negotiation, rights to notice of an acquisition proposal from a third party, management rights agreements and all other similar agreements or Contracts to which the Company is a party or by which it is bound relating to the transfer, voting or registration of any capital shares or any other securities of the Company and no shareholder or other security holder of the Company is party to such an agreement.

(f) The Company has Made Available to Purchaser complete and correct copies of the applicable share transfer documentation pertaining to any transfer or issuance of the Shares. Any such documentation accurately reflects all transactions in the capital shares and other equity or equity equivalent interests of the Company (including with respect to the Shares).

(g) The Company and the transactions contemplated hereby are not, and by the passage of time will not be, subject to a right of first negotiation, right of first offer or refusal, pre-emptive right, or any other similar right granted by the Company (or Parent, Seller or their Affiliates) to and in favor of a third party with respect to an Acquisition Proposal or a potential Acquisition Proposal or otherwise that could affect, threaten the compliance of any of the exclusivity obligations under Section 4.8, or cause any delays in the consummation of the transactions contemplated by this Agreement.

Section 2.9 Compliance with Applicable Law; Permits.

(a) The Company has been in material compliance with Applicable Laws relevant for the business carried out by the Company from time to time since October 9, 2019. The Company has not received, nor is, to the Seller's Knowledge, there any basis for, any notice, order, complaint or other communication from any Governmental Entity or any other Person that the Company is not or has not been in material compliance with Applicable Law relevant for the business carried out by the Company from time to time since October 9, 2019. No investigation or review by any Governmental Entity regarding a material violation of Applicable Law relevant for the business carried out by the Company has occurred, is pending or threatened in writing, and, to the Seller's Knowledge, there is no basis therefor.

(b) The Company is in possession of all Permits necessary for the Company to lawfully carry on its business as it is now being conducted and is proposed under the Operating Plan to

be conducted, including, without limitation, all Permits applicable to Company Products (the "Company Permits"). The Company is and has since October 9, 2019 been in material compliance with all such Company Permits. No suspension, cancellation, modification, revocation or non-renewal of any Company Permit has occurred, is pending or threatened in writing, and, to the Seller's Knowledge, there is no basis therefor.

(c) Export Control Laws. Without diluting the generality or full effect of Section 2.9(a) and Section 2.9(b), the Company is and has since October 9, 2019 been in material compliance with all applicable Export Control Laws. Without limiting the foregoing: (A) the Company has obtained all export licenses and other approvals required for its exports of products, Software, services and technologies required by any applicable Export Control Law and all such approvals and licenses are in full force and effect; (B) the Company is in material compliance with the terms of such applicable export licenses or other approvals; (C) there are no pending or threatened claims in writing against the Company with respect to such export licenses or other approvals; (D) there are no actions, and conditions or circumstances pertaining to the Company's export transactions that would reasonably be expected to give rise to any future Actions against the Company; and (E) the Company has established internal controls and procedures intended to ensure compliance with all applicable Export Control Laws.

(d) Economic Sanctions Laws. Without limiting the generality or full effect of Section 2.9(a) and Section 2.9(b), the Company is and has since October 9, 2019 been in compliance with all Economic Sanctions Laws. Neither the Company nor any of its directors, officers, or employees is a Prohibited Person, is a target of Israeli Sanctions or is engaged in or has previously engaged in any transactions or dealings with Prohibited Persons or parties subject to Israeli Sanctions or other Economic Sanctions. The representations and warranties in this Section 2.9(d) are made only to the extent that they do not violate or conflict with Section 7 of the German Foreign Trade and Payments Regulation (*Außenwirtschaftsverordnung*) or Article 5 of Council Regulation (EC) No 2271/96 of 22 November 1996.

(e) Company Products. Each Company Product is in compliance with industry standards, meets their Company-specified specifications, and is fit for the purposes and application for which it is intended to be used and substantially conforms to any written undertakings, purchase order representations and similar obligations.

Section 2.10 Financial Statements.

(a) Complete and correct copies of (i) the audited annual financial statements of the Company as of December 31, 2020 and December 31, 2021 prepared in accordance with German GAAP (collectively referred to as the "Financial Statements") and (ii) the unaudited adjusted financial statements of the Company as of and for the year December 31, 2022 and as of and for the six months ended June 30, 2023 (the "Interim Financial Statements") prepared in accordance with US GAAP and including certain adjustments to exclude balances associated with purchase accounting, investment in subsidiary, and similar items, and include assets expected to be transferred to the buyers upon closing, and otherwise fairly present the statements on a standalone basis, and the related statements of income, retained earnings, shareholders' equity and changes in financial position of the Company, together with all related notes thereto, are set forth in Section 2.10(a) of the Disclosure Schedule. Except as set forth in the Interim Financial Statements, the Company does not have any Liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) required to be disclosed by US GAAP, except for liabilities and obligations (i) incurred since June 30, 2023, in the ordinary course of business consistent with past practice, (ii) in the form of executory obligations under any Contract to which the Company is a party or is bound and that are not in the nature of material breaches of such Contracts, and (iii) incurred in connection with the preparation and negotiation of this Agreement or pursuant to this Agreement or in connection with the Transaction Documents.

(b) Each of the Financial Statements and the Interim Financial Statements (i) are complete and correct in all material respects and have been prepared in accordance with the books and records of the Company, (ii) have been prepared in accordance with applicable GAAP applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and (iii) present a true and fair view of the financial position, results of operations and cash flows of the Company as at the dates thereof and for the periods indicated therein, except as otherwise noted therein and subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments that will not, individually or in the aggregate, be material.

(c) The Company maintains systems of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit the preparation of financial statements in conformity with US GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the actual levels at reasonable intervals and appropriate action is taken with respect to any differences.

(d) The Company's 2023 annual operating plan (the "Company Operating Plan") was approved by Parent. There are no current circumstances which would prevent the Company from operating its business as conducted under the Company Forecast and delivering its purchase orders or its business objectives as contemplated by the Company Forecast.

Section 2.11 Absence of Changes. Since the day immediately following the date of the Interim Financial Statements (the Interim Financial Statements also the "Balance Sheet"), other than actions expressly required to be taken pursuant to this Agreement that are taken following the date hereof (i): (A) the Company has conducted its business only in the ordinary course consistent with past practice; (B) there has not been any event, condition, circumstance, development, change or effect, having, or that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (C) the Company has not suffered any loss, damage, destruction or other casualty affecting any of its material properties or assets, whether or not covered by insurance; and (D) the Company has not taken any action that, if taken after the date of this Agreement, would constitute a breach of any of the covenants set forth in Section 4.1 or Section 4.2.

Section 2.12 Litigation and Restrictions on Business Activities.

(a) No Action against the Company, any property or asset of the Company, against any of Seller or Seller's Affiliates in connection to the Company or the business of the Company, any of the managing directors, directors or officers or employees of the Company with regard to their actions as such, has occurred, is pending or threatened in writing, and, to the Seller's Knowledge, there is no basis for any such Action. No Action seeking to prevent, hinder, modify, delay or challenge the transactions contemplated by this Agreement or the Transaction Documents or that would reasonably be expected to be material to the business of Company as conducted and as proposed to be conducted, has occurred, is pending or threatened in writing, and, to the Seller's Knowledge, there is no basis for any such Action. There is no outstanding order, writ, judgment, injunction, decree, determination or award of, or pending or threatened investigation by, any Governmental Entity relating to the Company, any of its properties or assets (including any Company Intellectual Property Right), any of its officers, directors or managing directors, or the transactions contemplated by this Agreement or the Transaction Documents. There is no Action by the Company pending, or which the Company has commenced preparations to initiate, against any other Person and, to the Seller's Knowledge, there is no basis for any such Action.

(b) There is no (i) pending or Action threatened in writing involving Parent, Seller or any Affiliate hereof, nor (ii) is there any judgment, injunction, order or decree by or before any Governmental Entity imposed (or threatened in writing to be imposed) upon Parent or Seller, that, in the case of both (i) and (ii), challenges, or that may have the effect of preventing, materially delaying, making illegal or otherwise materially interfering with transactions contemplated by this Agreement or the Transaction Documents.

(c) There is no judgment, injunction, order or decree binding upon Company which has or would reasonably expected to prohibit or impair any current or presently proposed business practice of Company based on the conduct of the Company's business as conducted.

Section 2.13 Employee Benefits.

(a) List of Employee Plans. Section 2.13(a) of the Disclosure Schedule sets forth a complete and correct list of as of the date of execution of this Agreement:

(i) To the extent maintained by the Company, all individual or collective pension plans, pension schemes or death or disability benefits or other employee benefit plans, including benefit plans relating to fringe benefit, supplemental unemployment benefit, bonus, incentive, profit-sharing, termination, change of control, retirement, share option, share purchase, restricted shares, deferred compensation, share appreciation, health, welfare, medical, dental, disability, life insurance, retiree medical or life insurance, supplemental retirement, severance, and similar plans, programs, loans, guarantees,

arrangements, policies or practices (collectively, the "Benefits"), whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered, and all employment, termination, severance or other contracts or agreements provided for under any Benefits on a bilateral contractual basis under a Contract (A) to which the Company is a party, (B) with respect to which the Company has or could have any direct or indirect Liability or obligation (whether accrued, absolute, contingent or otherwise), or (C) which are maintained, contributed to or sponsored by the Company, in each case, for the benefit of any current or former employee, officer, director, managing director or other service provider of the Company or any of their dependents or beneficiaries, except for (X) statutory pension schemes, health and unemployment insurance and other statutory employee benefit schemes, (Y) vacation or sick pay, or (Z) accident insurance policies for the benefit of employees (including workers' compensation or accident insurance); and

(ii) any Contracts between the Company and any employee, managing director or other service provider of the Company or any of their dependents or beneficiaries relating in any way to a sale of the Company as contemplated under this Agreement (collectively, all items specified in the foregoing clauses (i) and (ii), the "Employee Plans").

(b) Employee Plans Made Available. Each Employee Plan is in writing. The Company has Made Available to Purchaser a complete and correct copy of each such Employee Plan.

(c) Compliance with Law. Each Employee Plan is now and has been since October 9, 2019, operated in all material respects in accordance with its terms and the requirements of all Applicable Laws. The Company has performed all obligations required to be performed by it and is not in any respect in default under or in violation under any Employee Plan and no such default or violation by any other party to any Employee Plan has occurred. In particular, all contributions, premiums or payments required to be made with respect to any Employee Plan have been made on or before their due dates.

Section 2.14 Labor and Employment Matters.

(a) List of Employees, Consultants and Service Providers. Section 2.14(a) of the Disclosure Schedule contains, to the maximum extent permitted under Applicable Law, a list of each managing director, Business Employee (including working students but excluding interns and trainees), consultant, or other service provider acting as a freelance for the Company including the following information: the identity of the formal employer, each such Person's position or function and period of continuous employment, the locations where employees are based and primarily perform their duties, annual vacation, age, fixed term, special protection against termination (e.g. membership in works council, disability, pregnancy, parental leave), company car or car allowance, participation in equity or other Employee Plans maintained by the Company, annual base salary or wages and any benefits, incentives or bonus arrangement with respect to such Person. Except as provided for in this Agreement, as of the date hereof, no such Person has terminated or has advised the Company in writing of his or her intention to terminate such Person's relationship or status as an employee or consultant of the Company for any reason, including because of the consummation of the transactions contemplated by this Agreement, and the Company has no intention as of the date hereof to terminate any such employee or consultant. The Company does not engage any temporary agency workers (*Leiharbeiter*).

(b) Company Employee Contracts. Complete and correct templates of all Contracts of employment and engagement, Contracts for services, service agreements, consulting, termination, severance or other contracts or agreements and any offer letters or letters of appointment used by the Company for its employees, officers, directors, managing directors or independent contractors ("Employee Contract Templates"), and any executed Contract based on such Employee Contract Templates, the "Company Employee Contracts", have been Made Available to Purchaser. Each Company Employee Contract has been made in writing and is governed by the Laws of Germany and does not materially deviate from the Employee Contract Templates. The Company has not made or agreed to (i) any agreements or undertakings under which the Company may have acquired any commitment to maintain the jobs of its employees or (ii) make any payment

or agreed to provide any benefit to any employee or former employee of the Company or to any dependent or beneficiary of such employee or former employee, in connection with the actual or proposed termination or suspension of employment of such employee or former employee.

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(c) Collective Agreements and Standard Practices. Section 2.14(c) of the Disclosure Schedule sets forth a complete and correct list of all collective bargaining agreements (*Tarifverträge*) and other agreements with unions as well as agreements with works councils, general commitments (*Gesamtzusagen*) as well as standard business practices (*betriebliche Übungen*), regardless of whether such agreements are applicable to the Company collectively or because they have been referenced in individual agreements. True and complete copies of such agreements or plans and descriptions of such general commitments have been Made Available to Purchaser prior to the date hereof. The Company is in full compliance with any such agreements, plans and practices in all material respects.

(d) Classification. All individuals who are or were performing consulting or other services for the Company are or were correctly classified under all Applicable Laws by the Company as either "independent contractors" (*freie Mitarbeiter*) or "employees" (*Angestellte*) as the case may be.

(e) Compliance with Laws. The Company is and has since October 9, 2019, and, to Seller's Knowledge, at all times been in compliance in all material respects with all applicable Labor and Employment Laws (including, without limitation, the German Minimum Wage Act (*Mindestlohngesetz*)) and social security Laws, rules and regulations and with all applicable collective agreements, such as agreements with works councils or applicable collective bargaining agreements. The Company does not have any Liability under any Labor and Employment Laws attributable to an event occurring or a state of facts existing prior to the date hereof, including but not limited to Liability which has been incurred by the Company, but remains to be discharged, for breach of an employment Contract with an employee or breach of any statutory employment right under Labor and Employment Laws. The Company has made all wage Tax and social security contributions on a timely basis in respect of or on behalf of all its current and former employees in accordance with Applicable Laws, and there is no Person with respect to whom the Company could be declared principally or jointly and severally liable for the employment, wage Tax, social security or workplace risk prevention obligations applicable to such Person. No employee of the Company has any right to receive additional compensation from the Company in relation to his/her past services or inventions. The Company has not implemented any plant or office closing, transfer or layoff of employees that (without regard to any actions that might be taken by Purchaser after the Closing) is or could reasonably be expected to be in violation of any applicable provisions of the German Works Constitution Act with regard to plant closings and mass layoffs or similar Laws applicable to the Company.

(f) Claims. Since October 9, 2019, no Action, claim, dispute, grievance, or controversy between the Company and any of its present or former employees, works councils, unions or any other employee representative body has occurred, is pending or threatened in writing, and, to the Seller's Knowledge, there is no basis therefor. Since October 9, 2019, no action against the Company, including under any worker's compensation policy or long-term disability policy (or comparable policies in the case of non-U.S. Persons), has occurred, is pending or threatened in writing, and, to the Seller's Knowledge, there is no basis for any such Action.

(g) Certain Loans. There are no outstanding loans, guarantees, credit facilities or advances from the Company (or any Person on the Company's behalf and account) to any current or former employees or shareholders of the Company.

(h) Disputes. (i) Since October 9, 2019, no labor strike, industrial dispute, trade dispute or other dispute, slow down or stoppage against the Company has occurred, is pending or threatened in writing, or, to the Seller's Knowledge, contemplated, (ii) the Company is not involved in any negotiation regarding a claim with any union or other body representing employees or former employees of the Company, and (iii) since October 9, 2019, the Company has not received any demand letters, civil rights charges, suits, drafts of suits, written complaints or other written communications related to claims made by any of its current or former employees, directors or managing directors, consultants, or other service providers, and, to the Seller's Knowledge, there is no basis therefore.

(i) Benefits for Past Service. There is no former employee, director, managing director or other service provider of the Company who is receiving or is scheduled to receive (or whose spouse or other dependent is receiving or is scheduled to receive) any benefits (whether from the Company or otherwise) relating to such former employee's employment or such former director's, managing director's or service provider's service relationship with the Company except as is required under Applicable Law.

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(j) **Restrictions on Employees.** To the Seller's Knowledge, no employee, consultant, director, managing director, officer, or other service provider of the Company is subject to any employment, invention assignment, Patent disclosure, non-competition, non-solicitation, confidentiality, or other restrictive Contract with a third-party that interferes or is reasonably likely to interfere with (i) the performance of such person's duties to the Company or (ii) the Company's business as conducted.

(k) **No Transaction Bonuses.** No employee of the Company is entitled to a bonus or other incentive compensation to be paid on or after the Closing Date by virtue or as a result of the execution of the Transaction Documents and/or the completion of the transactions other than those to be settled prior to the Closing Date or as reflected as part of the Closing Indebtedness or Closing Transaction Expenses.

Section 2.15 **Real Property.**

(a) The Company does not own any real property or equivalent rights (*grundstücksgleiche Rechte*).

(b) Section 2.15(b) of the Disclosure Schedule contains an accurate and complete list of all leases of real property (collectively with all amendments and modifications thereto and guarantees thereof, the "**Real Property Leases**") to which the Company is or will be a party (as lessee, sublessee, sublessor or lessor) and sets forth the role of the Company and the street address of such leased real property. Each Real Property Lease is valid and binding and has not been terminated or repudiated. True and complete copies of such Real Property Leases have been delivered or Made Available to Purchaser. All obligations to be performed by any party under any such Real Property Lease have been fully performed in all material respects.

(c) The Company does not sublease or sublicense any of the leased real property or any portion thereof to any other Person.

(d) The Company's facilities are suitable and sufficient for operating the Company's business as conducted under the Company Forecast, including developing and production capacity of the Company Products according to purchase orders or Company's business objectives as contemplated by the Company Forecast.

Section 2.16 **Environmental Matters.**

(a) The Company is and has, since October 9, 2019, been in compliance with all applicable Environmental Laws. The Company has not received any notice, letter, complaint or other written communication alleging that the Company has any Liability under any Contract specifically with respect to or pursuant to Environmental Law or that the Company is not or has at any time not been in compliance with any applicable Environmental Law, and, to the Seller's Knowledge, there is no basis therefor. No investigation or review regarding a violation of any applicable Environmental Law by any Governmental Entity with respect to the Company has occurred, is pending or threatened writing, and, to the Seller's Knowledge, there is no basis therefor.

(b) The Company is and has, since October 9, 2019, and, to Seller's Knowledge, at all times, been in possession of and compliance with all certificates, registrations, Permits, licenses and other authorizations required under applicable Environmental Law ("**Environmental Permits**"). No suspension, cancellation, modification, revocation or nonrenewal of any Environmental Permit has occurred, is pending or threatened in writing, and, to the Seller's Knowledge, there is no basis therefor.

(c) Since October 9, 2019, there has been no events, conditions, circumstances, activities, practices, incidents, actions, omissions or plans that constitute a violation by the Company of, or are reasonably likely to prevent or interfere with the Company's future compliance with, any applicable Environmental Laws. The Company is not conducting or funding, or is required to conduct or fund, any remediation or cleanup pursuant to any Contract or Environmental Law.

Section 2.17 **Intellectual Property.**

(a) **Generally.**

(i) Section 2.17(a)(i) of the Disclosure Schedule sets forth, (A) a complete and correct list of all Patents and Trademarks, indicating for each Patent or Trademark that is registered or the subject of an application for registration in the

applicable jurisdiction, the registration number (or application number), owner and date issued (or date filed); (B) a complete and correct list of all Copyrights that are (y) registered or the subject of an application for registration, indicating for each the applicable jurisdiction, registration number (or application number), owner and date issued (or date filed), or (z) authored or created by the Company and licensed under an Open Source Technology license; (C) a complete and correct list of all Domain Names, indicating for each Domain Name the applicable registrar and registrant, in the case of each

of (A), (B) and (C) owned by or exclusively licensed, as applicable, to the Company, in whole or in part, including jointly with others (and such schedule specifies with reasonable detail if such Intellectual Property Rights are owned solely by, owned jointly by, or exclusively licensed, as applicable, to the Company).

(ii) Each current or former Business Employee, consultant and contractor of the Company who develops or has developed Company Products or Technology or Company Intellectual Property Rights, is either obligated by Applicable Law, or, to the extent not obligated by Applicable Law, has executed and delivered to the Company agreements to the effect that: (A) the Company is assigned or, in the case of Intellectual Property Rights that cannot be assigned as such under Applicable Laws, exclusively licensed all Company Intellectual Property Rights that is or was created, developed, written, invented, conceived or discovered by such Business Employee, consultant or contractor in the course of performing work or services for the Company, and (B) such Business Employee, consultant or contractor is obligated not to use or disclose any confidential or proprietary information of the Company (or of third parties that has been disclosed to the Company under an obligation of confidentiality) except as explicitly authorized by the Company

(iii) The Company is the owner of all right, title and interest in and to all Company Intellectual Property Rights (other than Intellectual Property Rights that are identified in Section 2.17(a)(i) of the Disclosure Schedule as exclusively licensed to the Company from a third party) and of all other Intellectual Property Rights used or otherwise practiced, under development or exploited by the Company (other than Intellectual Property Rights that the Company uses under a valid and enforceable written license for off-the-shelf software or other copyright protected works), all such Intellectual Property Rights owned by the Company being free and clear of any and all Encumbrances, covenants, conditions or restrictions or other adverse rights or interests of any kind or nature (except for rights of co-owners in case of any co-owned Company Intellectual Property Rights). The Company has not received any notice or claim challenging the Company's sole and exclusive ownership of any such Intellectual Property Rights or suggesting that any other Person has any claim of legal or beneficial ownership with respect thereto. There are no facts, circumstances, or information that would or reasonably could be expected to adversely affect, limit, restrict, impair, or impede the ability of the Company to use the Company Intellectual Property Rights upon the Closing in the same manner as currently used by the Company as of the Closing.

(iv) To the Seller's Knowledge, all of the Intellectual Property Rights listed in Section 2.17(a)(i) of the Disclosure Schedule (other than applications for Copyright, Patent or Trademark registration) and all other Intellectual Property Rights which are used or held for use by the Company, including any Company Products (collectively, "Company Intellectual Property Rights") are valid, subsisting and enforceable. The Company has not received any notice or claim challenging or questioning the validity or enforceability of any Company Intellectual Property Rights or indicating an intention on the part of any Person to bring a claim that any such Company Intellectual Property Rights are invalid, unenforceable or have been misused, and no Company Intellectual Property Rights has been challenged or threatened in writing in any way. To the Seller's Knowledge, each registered Company Intellectual Property Right is and has been in compliance with all Applicable Laws other than any requirement that, if not satisfied, would not result in a cancellation of any such registration or otherwise affect the use, priority, or enforceability of the registered Company Intellectual Property Right in question, the defenses potentially available to any accused infringer of the registered Company Intellectual Property Right, or the remedies potentially available for infringement of the registered Company Intellectual Property Right.

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(v) The Company has taken reasonable steps to protect its rights in and to the Company Intellectual Property Rights and to police its Company Intellectual Property Rights against third-party infringement or dilution.

(vi) The Company has duly paid all fees necessary to maintain registration of the Registered Company Intellectual Property Rights.

(b) Inventions and other Proprietary Rights. There is no invention (*Erfindung*), technical improvement, proposal (*technischer Verbesserungsvorschlag*), or Copyright of the Company which is based on an invention, technical improvement proposal, or work of any past or current Business Employee, or director, managing director, consultant, or contractor of the Company, for which the Company owes any compensation or remuneration to such director, managing director, Business Employee, or contractor in relation to such invention or work, except for any remuneration obligations stipulated by Applicable Laws (e.g., the German Employee Inventions Act, *ArbNErfG*). There is no Patent, Trade Secret or other Intellectual Property Right on which any part of the Company's business as conducted relies, or of which any part of the Company's business as conducted is dependent, in each case as currently conducted and proposed to be conducted, which is held by a current or former Business Employee, or director, managing director, consultant, or contractor of the Company.

(c) Trade Secrets. The Company has taken steps reasonably necessary and appropriate in accordance with all Applicable Laws relating to trade secrets to protect its rights in its confidential information and Trade Secrets. Since October 9, 2019, and, to the Seller's Knowledge, at all times, the Company has complied in all material respects with the terms of any agreements or understandings relating to third party confidential information or Trade Secrets to which the Company is a party or which otherwise bind the Company. There has been no disclosure by the Company of the confidential information or Technology of the

Company that would compromise the status or protectability of such Technology and Intellectual Property Rights embodied therein or the confidentiality of any of its confidential information other than applications for Patents or other registered Company Intellectual Property Rights. To the Seller's Knowledge, there has been no wrongful use or disclosure of the confidential information or Technology of the Company by any Person to whom such confidential information or Technology was properly disclosed (under obligations of confidentiality) by the Company.

(d) Intellectual Property Agreements.

(i) Section 2.17(d)(i) of the Disclosure Schedule sets forth a complete and correct list of all Inbound License Agreements, other than those licenses listed on Section 2.17(g)(ii) of the Disclosure Schedule and other than licenses to the Company of Software that is (A) used solely internally, (B) not customized or modified, and (C) is either (x) available under an Open Source Technology license or (y) commercially available on reasonable terms to any Person for a license fee, royalty or other consideration of no more than One Thousand Dollars (US \$1,000) per copy or user or other unit.

(ii) Section 2.17(d)(ii) of the Disclosure Schedule sets forth a complete and correct list of all Outbound License Agreements that are in effect (or that contain licenses that are in effect) upon the execution of this Agreement (other than any customer Agreements in which software is embedded or preinstalled on hardware or made available for download (substantially in accordance with the Company's standard terms and conditions and end user license agreements that have been Made Available to Purchaser) as part of a product sold in the Company's ordinary course of business), indicating for each the title, effective date, and the parties thereto. The Company has not granted to any third parties the right to grant sublicenses under any Company Intellectual Property Rights or Technology (except to the extent provided for in Company's standard terms and conditions and end user license agreements that have been Made Available to Purchaser).

(iii) There is no outstanding or threatened dispute or disagreement in writing with respect to any Inbound License Agreement or any Outbound License Agreement.

(iv) There is no Contract, judicial decree, arbitral award or other provision or requirement that obligates the Company to grant licenses or refrain from pursuing claims in the future with respect to any currently existing Company Intellectual Property Rights or Technology.

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(e) Sufficiency of Intellectual Property Assets. The Company Intellectual Property Rights constitute all the Intellectual Property Rights necessary to enable the Company to operate the Company's business immediately after the Closing Date in substantially the same manner as such business is conducted.

(f) No Infringement.

(i) The products and services used, manufactured, marketed, sold or licensed by the Company, including all Company Products, and the conduct and activities of the Company do not infringe, violate, misappropriate, or constitute the unauthorized use of any Intellectual Property Rights of any third party. No Action is pending (*rechtshängig*), and no notice or other claim, dispute, assertion, allegation or Action has been received in writing by the Company since October 9, 2019, alleging that the Company has engaged in any activity or conduct that infringes upon, violates, misappropriates, dilutes or constitutes the unauthorized use of, or has infringed upon, violated, misappropriated, or constituted the unauthorized use of, the Intellectual Property Rights of any third party.

(ii) To the Seller's Knowledge, no third party is misappropriating, infringing, using without authorization, or violating or has misappropriated, infringed, diluted, used without authorization, or violated any Company Intellectual Property Rights, and no claims for any of the foregoing have been brought or threatened in writing against any third party by the Company.

(g) Software.

(i) Section 2.17(g) of the Disclosure Schedule lists material Company Software.

(ii) The Company has not incorporated Open Source Technology into, or combined, linked, or distributed any Open Source Technology with, any Company Products or other Company Intellectual Property Rights that is distributed to third parties in any manner or that creates obligations for the Company to license, disclose or distribute any source code of Company Software to third parties, with respect to any part of any Company Product that is not Open Source Technology owned by a third Person, or grants to any third Person, any licenses, rights, or immunities under Company Products or other Company Intellectual Property Rights and does not prohibit the Company to charge for its products or otherwise commercialize those. The use of Open Source Technology is in compliance with the applicable Open Source Technology licenses.

Section 2.18 Data Protection.

(a) The Company complies and since October 9, 2019, and, to Seller's Knowledge, at all times, has complied in all material respects with all of the Company Privacy Policies and with all applicable legal requirements of all Applicable Laws pertaining to privacy, User Data or Personal Data, in particular the EU General Data Protection Regulation (GDPR).

(b) The Company has used commercially reasonable efforts to ensure that User Data and Personal Data is protected against loss, damage, and unauthorized access, use, modification, or other misuse. There has been no loss, damage, or unauthorized access, use, modification, or other misuse of any User Data and Personal Data by the Company (or any of its employees or, to the Seller's Knowledge, contractors). No Person (including any Governmental Entity) has made any written claim or commenced any Action with respect to loss, damage, or unauthorized access, use, modification, or other misuse of any User Data or Personal Data by the Company (or any of its employees or contractors), and, to the Seller's Knowledge, there is no reasonable basis for any such claim or Action.

(c) The Company has since October 9, 2019, and, to the Seller's Knowledge, at all times, processed User Data and Personal Data from users, customers, employees, contractors, and other applicable Persons only on a valid legal basis as required by all Data Protection Laws.

(d) Where the Company uses data processors to process information relating to an identified or identifiable natural person, the Company has carried out the appropriate security vetting, and has put in place a written agreement as required under the Applicable Laws relating to data protection and privacy.

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(e) The Company has not received any written claim, complaint, demand for compensation, inquiry, or notice from any third party or any Governmental Entity or consumer advocacy group (or similar organization) related to whether the Company's processing of information relating to an identified or identifiable natural person is in violation of any Applicable Laws relating to data protection and privacy.

Section 2.19 Information Technology. The Systems are reasonably sufficient for the existing needs of the Company. The Systems are maintained and in good working condition to effectively perform all computing, information technology and data processing operations necessary for the current day-to-day operations of the Company. There are no substantial alterations, modifications or updates to the Systems intended or required currently for the operations of the Company, nor, to the Seller's Knowledge, that will be required for the operations of the Company specified under the Operating Plan. The Company has taken commercially reasonable steps and implemented commercially reasonable safeguards: (A) to protect the Systems from viruses or other contaminants; (B) to maintain the security and continued operation of the Systems; and (C) to provide for the remote-site back-up of data and information critical to the Company (including such data and information that is stored on magnetic or optical media in the ordinary course of business consistent with past practice) in a commercially reasonable attempt to avoid disruption or interruption to the Company's business as conducted. All Systems are owned or rightfully possessed by, operated by and under the control of the Company. There has been no failure, breakdown or continued substandard performance of any Systems that has caused a disruption or interruption in or to any customer's use of the Systems or the operation of the Company's business as conducted since October 9, 2019. The Company has in place industry standard (and, in any event, not less than commercially reasonable) encryption practices, disaster recovery and business continuity plans and procedures.

Section 2.20 Taxes.

(a) **Tax Returns.** The Company:

(i) has timely filed all Tax Returns which are required to be filed under Applicable Law in any jurisdiction in which the Company is or has been subject to Tax or required to file a Tax Return, and such Tax Returns are complete and correct in all material respects and correctly reflect the Liability for Taxes and other information required to be reported thereon;

(ii) has paid in full all such amounts shown as due and payable on such Tax Returns; and

(iii) has not undertaken any transaction or taken any position on any Tax Return that requires special reporting or disclosure statements in any Tax Return or otherwise, whether or not related to any Tax shelter, Tax avoidance transaction, or aggressive Tax planning as identified by notice, regulation or other form of public guidance under any Applicable Law.

(b) **Extensions.** The Company has not requested nor received an extension of time (other than a permanent extension (*Dauerfristverlängerung*) for VAT purposes) to file any Tax Return and has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(c) **Payment.** The Company has timely paid all Taxes that have become due and payable (whether or not such Taxes were required to be reflected on a Tax Return) and the Company has adequately provided in the Financial Statements for all material Taxes accrued through the date of such Financial Statements that were not yet due and payable as of the date thereof.

(d) **Withholding.** The Company has complied in all material respects with all Applicable Laws relating to the deduction and withholding of Taxes and has within the time and manner prescribed by Applicable Law in all respects: (i) deducted or withheld all Taxes required to be deducted or withheld, including sums withheld for Taxes due in respect of all payments to employees, officers, directors, stockholders and any other Persons; (ii) collected all sales, use, value added, goods and services, and similar Taxes required to be collected; and (iii) timely remitted all Taxes deducted, withheld and collected to the appropriate Taxing Authority in accordance with Applicable Law in all respects.

(e) **Payments under Agreement.** No Taxes are required to be deducted or withheld and paid with respect to any payments to be made pursuant to this Agreement.

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(f) **Post-Closing Periods.** The Company has not agreed to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period or portion thereof ending after the Closing Date as a result of a change in method of accounting for Tax purposes for a taxable period or portion thereof ending on or prior to the Closing Date unless such change in method of accounting for Tax purposes was required by mandatory law. No election has been made with respect to Taxes of the Company in any Tax Return that has not been Made Available to Purchaser. No Taxing Authority has operated or agreed to operate any special arrangement (being an arrangement which is not directly based on relevant legislation, even if based on any published practice, including rulings and agreements with the Taxing Authorities) or has agreed on any compromise in relation to the affairs of the Company.

(g) **Post-Closing Tax Returns.** Section 2.20(g) of the Disclosure Schedule sets forth a complete list of all annual Tax Returns of the Company required to be filed following the Closing Date with respect to any period or portion thereof ending prior to the Closing Date.

(h) **Tax Characterization.** Each of the Company and Seller is treated as a corporation for U.S. federal income tax purposes and no election has been made for U.S. federal income tax purposes for either Seller or the Company to be classified as other than a corporation for U.S. federal income tax purposes. Neither the Company nor any predecessor of the Company was (x) created or organized under the laws of the United States or any state nor (y) created or organized both in the United States and a foreign jurisdiction, such that such entity would be taxable in the United States as a domestic entity. If there is any actual Liability for Taxes as a result of being a transferee or successor of any Person such Liability for Taxes is reflected in the relevant Financial Statement.

(i) **Tax Action.** No claim for assessment or collection of Taxes has been or is presently being asserted in writing or is otherwise outstanding against the Company; and there is no Action by any Taxing Authority pending or threatened in writing against the Company; and there are no Encumbrances for Taxes upon any of the assets of the Company. The Company does not have outstanding powers of attorney with respect to Taxes. Neither the Company nor any director, managing director or officer or any shareholder of the Company (in his, her or its capacity as such) has paid or become liable to pay, and there are no circumstances by reason of which it or they may become liable to pay, any penalty, fine, surcharge or interest in respect of the Company's Taxes.

(j) **Tax Agreements.** The Company is not a party to or bound by any obligation under any Tax sharing, Tax allocation, Tax indemnity or similar agreement or arrangement (except pursuant to a financing agreement the principal purpose of which is not Taxes and for the avoidance of doubt except for the DPLTA).

(k) **Jurisdictions.** Since October 9, 2019, the Company has been a resident for Tax purposes in its place of organization and is not and has not at any time been treated as resident in any other jurisdiction for any Tax purpose (including any double taxation arrangement). The Company is not and has not been subject to Tax in any jurisdiction other than its place of organization by virtue of having a permanent establishment, a permanent representative or other place of business or taxable presence in the jurisdiction. No written claim has been made by a Taxing Authority towards the Company in a jurisdiction where the Company does not file a particular type of Tax Return that the Company is required to file such Tax Return or may be subject to Tax with respect to such Tax Return.

(l) **Tax Information.** The Company has Made Available to Purchaser complete and correct copies of (i) all governmental, federal, local, municipal, state and foreign income, franchise or similar Tax Returns, and all other Tax Returns, of the Company for all tax years with respect to which the applicable statute of limitations has not expired, and (ii) any audit report, ruling, closing agreement, technical advice memorandum, Tax holiday or similar document issued since the inception of the Company (or otherwise with respect to any audit or proceeding in progress) relating to Taxes of the Company.

(m) **Records and Reporting.** The Company has complied with all information reporting and record-keeping requirements under all Applicable Law, including retention and maintenance of required records with respect thereto, and all records kept by the Company in compliance with such Applicable Law have been Made Available to Purchaser.

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(n) **Partnerships.** The Company is not a party to any joint venture, partnership or other Contract that is or would reasonably be expected to be treated as a partnership for any Tax purposes.

(o) **Mergers.** The Company has not been involved in a business merger, share-for-share merger, legal merger or legal demerger (split), or transaction purported or intended to qualify for treatment under the provisions of the German Reorganization Tax Act (*Umwandlungssteuergesetz*).

(p) **Value Added Tax.** The Company has complied with all Laws concerning any value added tax ("VAT"), including with respect to the making on time of accurate returns and payments and the maintenance of records. In case any VAT payable has been offset against a VAT receivable (i.e., recoverable VAT), the amount of the VAT receivable has been computed and reported in an accurate manner, in all respects. The Company is registered for VAT purposes only in Germany.

Section 2.21 **Material Contracts; Parent Contracts.**

(a) **Section 2.21(a)** of the Disclosure Schedule sets forth a complete and correct list as of the date of this Agreement (grouped according to the categories described in the subsections below) of all Contracts of the following nature to which the Company is a party or by which the Company, or any of its properties or assets, is otherwise currently bound, whether the Company is currently bound by active provisions or surviving provisions of expired or terminated Contracts (each Contract of the following nature, a "**Material Contract**" and collectively, the "**Material Contracts**"):

(i) any Contract in respect of the Company's business as conducted relating to, and evidences of, Indebtedness of the Company for borrowed money or the deferred purchase price of property (whether incurred, assumed, guaranteed or secured by any asset);

(ii) any Contract pursuant to which the Company has provided funds to or made any loan, capital contribution or other investment in, or assumed, guaranteed or agreed to act as a surety with respect to any Liability of, any Person;

(iii) any Contract for the issuance of any debt or equity security or other ownership interest, or the conversion of any obligation, instrument or security into debt or equity securities or other ownership interests of the Company, or for the purchase of any debt or equity security or other ownership interest of any Person;

(iv) any Contract that purports to limit, curtail or restrict the ability of the Company to compete in any geographic area or line of business, make sales to any Person in any manner, use or enforce any Company Intellectual Property Rights or Technology owned by or exclusively licensed to the Company or hire or solicit any Person in any manner, or that grants the other party or any third Person "most favored nation" or similar status, any type of special discount rights, or any right of first refusal, first notice or first negotiation;

(v) any Contract that requires a consent to the transactions contemplated by this Agreement or otherwise contains a provision relating to a "change of control," or that would prohibit or delay the consummation of the transactions contemplated by this Agreement or any of the other Transaction Documents;

(vi) any Contract pursuant to which the Company is the lessee or lessor of, or holds, uses, or makes available for use to any Person (other than the Company), (A) any Real Property or (B) any tangible personal property and, in the case of clause (B), that involves an aggregate future or potential Liability or receivable, as the case may be;

(vii) any Contract obligating the Company to indemnify or hold harmless any director, managing director, officer, employee or agent;

(viii) any Contract relating in whole or in part to, or that includes (A) any sale, assignment, hypothecation, other transfer or option, with respect to any Company Intellectual Property Rights or (B) any use limitation with respect to any Technology or Intellectual Property Rights;

(ix) any Contract with any Related Party of the Company;

(x) (A) any employment, consulting or professional services with those persons detailed in **Section 2.21(a)(x)** of the Disclosure Schedule, and (B) any other Contract that provides for annual compensation equal to or in excess of US\$ 150,000;

(xi) any reselling, sales, marketing, merchandising or distribution Contract (except for a Contract for sales comprising solely of a purchase order and that such purchase order does not exceed the amount of US\$ 500,000);

(xii) any joint venture or partnership, joint development, merger, asset or share purchase or divestiture Contract relating to the Company;

(xiii) any Contract set forth or required to be set forth in Section 2.17(d)(i) and Section 2.17(d)(ii) of the Disclosure Schedule;

(xiv) any Contract with any labor union providing for benefits under any Employee Plan;

(xv) any Contract relating to settlement of any administrative or judicial proceedings;

(xvi) any Government Contract;

(xvii) any customer agreements (including customer purchase orders) to which the Company is a party with an individual or annual volume exceeding US\$ 500,000; and

(xviii) except for any customer purchase orders, any other Contract, whether or not made in the ordinary course of business consistent with past practice, that (A) involves a future or potential Liability or receivable, as the case may be, in excess of US\$ 300,000 on an annual basis or in excess of US\$ 300,000 over the current Contract term or (B) has a term greater than one year and cannot be cancelled by the Company without penalty in excess of US\$ 20,000 or further payment and without more than thirty (30) Business Days' notice.

(b) The Company has Made Available complete and correct copies of the Material Contracts to Purchaser, including all modifications, amendments and supplements thereto. Each of the Material Contracts constitutes the valid and legally binding obligation of the Company, as applicable, enforceable in accordance with its terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereafter in effect relating to creditors' rights generally or to general principles of equity), and is in full force and effect in accordance with its terms. There is no breach or default under any Material Contract by the Company or by any other party thereto, no event has occurred that with the giving of notice, the lapse of time, or both would constitute a breach or default thereunder by the Company or any other party and the Company has not received any claim of any such breach or default.

(c) No party to any Material Contract has given written notice to the Company or made a written claim against the Company in respect of any breach or default thereunder.

(d) None of the Contracts or other instruments of Parent or any of its Affiliates grants of any license or right in, any Company Intellectual Property.

Section 2.22 Tangible Assets; Inventory.

(a) The Company owns, and has good and valid title to, or, in the case of leased properties and assets, valid leasehold interests in, all of its tangible properties and assets that are used or held for use in its business as conducted, including all of the assets reflected on the Balance Sheet or acquired in the ordinary course of business consistent with past practice since the date of the Balance Sheet (except for those assets sold or otherwise disposed of for fair value since the date of the Balance Sheet in the ordinary course of business consistent with past practice), in each case free and clear of any Encumbrances, except as reflected on the Balance Sheet and except for such imperfections of title, if any, that do not interfere with the present value of the subject property. The assets owned or leased by the Company constitute all of the assets necessary for the Company to carry on its business as conducted. All tangible assets owned or leased by the Company have been maintained in accordance with generally accepted industry practice, are in all material respects in good

operating condition and repair, ordinary wear and tear excepted, and are adequate for the uses to which they are being put.

(b) The inventories of the Company are generally of a quality and quantity usable and salable in the ordinary course of business consistent with past practice. The inventories of the Company are reflected on the Balance Sheet and in the books and records of the Company in accordance with US GAAP applied on a basis consistent with past practice. The inventory level is not in excess of normal operating requirements of the Company.

(c) This Section 2.22 does not relate to Real Property or interests in Real Property, such items being the subject of Section 2.15, or to Intellectual Property Rights, such items being the exclusive subject of Section 2.17.

Section 2.23 Insurance. All Insurance Policies maintained by the Company are listed in Section 2.23 of the Disclosure Schedule. Each Insurance Policy is in full force and effect and is valid, outstanding and enforceable- with respect to the Insurance Policies, all premiums due have been paid in full.

Section 2.24 Compliance With Anti-Corruption Laws.

(a) None of the Company or its directors and officers or, any independent sales representatives, resellers, consultants, intermediaries, or distributors, or other Persons acting on behalf of the Company or, to Seller's Knowledge, any of its other Representatives (other than the aforementioned Persons), have, directly or indirectly, taken any action which would cause them to be in violation of any applicable anti-corruption or anti-bribery Laws, statutes, rules, regulations, ordinances, judgments, Governmental Orders, decrees, injunctions, and writs of any governmental authority of any jurisdiction (whether by virtue of jurisdiction or organization or conduct of business) (collectively, the "Applicable Anti-Corruption Laws").

(b) None of the Company or its directors and officers or, any independent sales representatives, resellers, consultants, intermediaries, or distributors or other Persons acting on behalf of the Company, or, to Seller's Knowledge, any of its other Representatives (other than the aforementioned Persons), have, directly or indirectly, offered, paid, promised to pay, or authorized a payment, of any money or other thing of value (including any fee, gift, sample, travel expense or entertainment) or any commission payment, or any payment related to political activity, to any of the following Persons for the purpose of influencing any act or decision of such Person in his official capacity, inducing such Person to do or omit to do any act in violation of the lawful duty of such official, securing any improper advantage, or inducing such Person to use his influence with a foreign government or instrumentality thereof to affect or to influence any act or decision of such government or instrumentality, in order to assist the Company in obtaining or retaining business for or with, or directing the business to: (i) any Person who is an agent, representative, official, officer, director, managing director, or employee of any non-U.S. government or any department, agency, or instrumentality thereof (including officers, director, managing directors, and employees of state-owned, operated or controlled entities) or of a public international organization; (ii) any Person acting in an official capacity for or on behalf of any such government, department, agency, instrumentality, or public international organization; (iii) any political party or official thereof; (iv) any candidate for political or political party office (such recipients in paragraphs (i), (ii), (iii) and (iv) of this subsection collectively, "Government Officials"); or (v) any other individual or entity, while knowing or having reason to believe that all or any portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to any Government Official.

(c) The Company has devised and maintained a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed and access to assets is permitted only in accordance with the Company's applicable policies and procedures and management's general or specific authorization, and (ii) the Company has established reasonable and adequate internal controls and procedures intended to ensure compliance with Applicable Anti-Corruption Laws.

(d) There have never been any false or fictitious entries made in the books, records or accounts of the Company relating to any illegal payment or secret or unrecorded fund, and the Company has not established or maintained a secret or unrecorded fund.

(e) None of the Company or its directors and officers, or any independent sales representatives, resellers, consultants, intermediaries, or distributors, or other Persons acting on behalf of the Company, or, to Seller's Knowledge, any of its Representatives (other than the aforementioned

Persons), have made any payments or transfers of value with the intent, or which have the purpose or effect, of engaging in commercial bribery, or acceptance of or acquiescence in kickbacks or other unlawful or improper means of obtaining business.

Section 2.25 Product Warranties; Product Liability.

(a) No contractual warranties have been given with respect to the Company Products and services other than those for which complete and correct copies have been Made Available to Purchaser, and no oral warranties have been given or made other than those described in Section 2.25(a) of the Disclosure Schedule. None of Parent, Seller, any of their Affiliates or the Company has received any warranty claims in writing, has no warranty claims pending, and has not been threatened with any warranty claims under any Contract, and to the Seller's Knowledge, there is no reasonable basis for any such claim, in each instance, relating to Company Core Software Assets. The Company has not received any warranty claims in writing, has no warranty claims pending, and has not been threatened in writing with any warranty claims under any Contract, and, to the Seller's Knowledge, there is no basis for any such claim, in each instance, relating to Company Products (other than Company Core Software Products) for aggregate amounts in excess of €100,000 per quarter.

(b) There are no material defects in the design or manufacture of any of the products of the Company. The Company has not received any written notice of a claim against the Company alleging a design or manufacturing defect in any products of the Company, in each case, excluding any and all requests for product returns in the ordinary course consistent with past experience of the Company and, to the Seller's Knowledge, there is no reasonable basis therefor.

(c) Each Company Product developed (or under development), sold, leased, licensed, or provided by Company and each material service performed by Company has been in material conformity with any applicable material contractual commitments or any material express and implied warranties, and the Company has no material Liability for replacement or repair thereof or other damages in connection therewith which will not be satisfied prior to the Closing.

Section 2.26 Suppliers and Customers.

(a) Section 2.26(a) of the Disclosure Schedule sets forth a complete and correct list of: (i) (a) the five (5) largest suppliers to the Company (including indirect engagement with the Company via Seller or any of Seller's Affiliates), taken together, the period of fiscal year 2022 through June 2023 (based on the aggregate USD amount paid to such supplier by the Company or on its behalf during such period); and (b) the ten (10) suppliers to the Company (including indirect engagement with the Company via Seller or any of Seller's Affiliates) who supply components that are key to the Company Products (including assembly, technologies, etc.) (the "Top Suppliers"); (ii) the five (5) largest retail customers of the Company (including indirect engagement with the Company via Seller or any of Seller's Affiliates), taken together, during the period of fiscal year 2022 through June 2023 (based on the aggregate USD amount of revenue recognized by the Company, Seller or the applicable Seller's Affiliate, during such period) (the "Top Customers"); and (iii) the five (5) largest distributors of the Company Products, taken together, during the period of fiscal year 2022 through June 2023 (based on the aggregate USD amount of revenue recognized by the Company during such period) (the "Top Distributors").

(b) The Company has not received any notice, letter, written complaint or other written communication from any Top Supplier, Top Customer or Top Distributor to the effect that it (i) has changed, modified, amended or reduced, or is reasonably likely to change, modify, amend or reduce, its business relationship with the Company in a manner that is, or is reasonably likely to be, materially adverse to the Company, or (ii) will fail to perform, or is reasonably likely to fail to perform, its material obligations under any Contract with the Company in any manner that is, or is reasonably likely to be, materially adverse to the Company.

Section 2.27 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any of the other Transaction Documents based upon arrangements made by or on behalf of the Company, Seller or any of Seller's Affiliates.

Section 2.28 Related Party Transactions.

(a) No Related Party of the Company (i) owns or has owned, directly or indirectly, or has or has had any interest in any property (real or personal, tangible or intangible) that the Company uses or has used in or pertaining to the business of the Company, or (ii) has or has had

any business dealings or a financial interest in any transaction with the Company or involving any assets or property of the Company, other than business dealings or transactions conducted in the ordinary course of business consistent with past practice at prevailing market prices and on prevailing market terms.

(b) None of Seller's Affiliate (other than Parent, Seller and the Company), nor any entity that is a former Affiliate of Seller, currently (i) is a party to an agreement with or maintains business relationships with the Company, (ii) holds any consent or approval rights in respect of any business or other conduct of the Company, (iii) is a co-owner of any assets, shares any premises or holds any rights or Permits jointly with the Company, (iv) provides or receives any products or services to/from the Company, (v) licenses to or from the Company any Company Intellectual Property Rights or holds any Intellectual Property Rights, tangible or fixed assets or any other assets currently used or required by the Company to carry on its business as conducted, (vi) has any outstanding payment claims (including fees from licenses, services or products, whether for specific performance, damages or otherwise), (vii) has any claims to enter into an agreement with, or to acquire from or dispose to the Company any Company Intellectual Property Rights, fixed or tangible assets or other assets or to license to or from the Company any Intellectual Property Rights, or (viii) has made or threatened in writing any alleged claims against the Company.

Section 2.29 General. Parent, Seller and Company acknowledge that Purchaser is entering into the Agreement on the basis of and in express reliance on Parent, Seller and Company representations and warranties contained herein. Each of the representations and warranties is separate and independent and, unless otherwise specifically provided, shall not be restricted or limited by reference to any other representation, warranty or term of the Agreement.

Article III
REPRESENTATIONS AND WARRANTIES
OF PURCHASER

Purchaser hereby represents and warrants to Seller as follows:

Section 3.1 Organization and Qualification. Purchaser is (i) a company duly organized, validly existing and in good standing under the Applicable Laws of the jurisdiction of its incorporation and (ii) duly qualified or licensed to do business, and is in good standing (to the extent such concept or a comparable status is recognized), in each jurisdiction where the character of its properties and assets occupied, owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for any such failures to be so qualified or licensed and in good standing that, individually and in the aggregate, have not had and would not reasonably be expected to have a material adverse effect on Purchaser's ability to consummate the Share Sale or any of the other transactions contemplated by this Agreement or any of the other Transaction Documents.

Section 3.2 Authority. Purchaser has all necessary corporate power and authority to execute and deliver this Agreement and each other Transaction Document to which it is or, at the Closing, will become a party, to perform its obligations under this Agreement and each such other Transaction Document and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each other Transaction Document to which Purchaser is or, at the Closing, will become a party and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite action on the part of Purchaser, and no other corporate proceedings on the part of Purchaser are necessary to authorize this Agreement and each other Transaction Document to which Purchaser, as applicable, is or, at the Closing, will become a party or to consummate the transactions contemplated hereby and thereby. This Agreement and each such other Transaction Document to which Purchaser, as applicable is or, at the Closing, will become a party have been or, at the Closing, will be, as the case may be, duly and validly executed and delivered by Purchaser, as applicable and, assuming the due authorization, execution and delivery hereof and thereof by the other parties hereto and thereto, constitute or, with respect to any Transaction Document to be executed at the Closing, will constitute valid, legal and binding obligations of Purchaser, as applicable, in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereafter in effect relating to creditors' rights generally or to general principles of equity.

Section 3.3 No Conflict; Required Consents and Approvals.

(a) The execution, delivery and performance by Purchaser of this Agreement and each of the Transaction Documents to which it is or will be a party, and the consummation of the

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transactions contemplated hereby and thereby, do not and will not: (i) conflict with or violate the articles of association or equivalent organization documents of Purchaser, as the case may be; (ii) conflict with or violate any Applicable Law with respect to Purchaser, as the case may be; or (iii) result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default or breach) under or require any consent of any Person pursuant to, any Contract or permit of Purchaser, as applicable, except, in the case of the foregoing clauses (i), (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, have a material adverse effect on Purchaser's ability to consummate the Share Sale or any of the other transactions contemplated by this Agreement or any of the other Transaction Documents.

(b) The execution, delivery and performance by Purchaser of this Agreement and each of the Transaction Documents to which it is or will be a party and the consummation of the transactions contemplated hereby or thereby by Purchaser do not, and the performance of this Agreement by Purchaser will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity for such performance.

Section 3.4 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any of the other Transaction Documents based upon arrangements made by or on behalf of Purchaser.

Section 3.5 Litigation. There are no Actions pending or threatened in writing against or affecting Purchaser, its subsidiaries, any of their respective officers or directors (in their capacities as such) or any of the assets owned or used by Purchaser that, individually or in the aggregate, challenges, or that would have the effect of preventing, delaying, hindering, impeding, making illegal, imposing limitations or conditions on, or otherwise interfering with, any of the transactions contemplated by this Agreement or the other Transaction Documents. Purchaser is not subject to any unsatisfied Governmental Order that, individually or in the aggregate, would reasonably be expected to prevent, materially impair or delay the ability of Purchaser to effect the transactions contemplated by this Agreement.

Section 3.6 Financial Ability. Purchaser will have at the Closing sufficient cash on hand or access to other sources of immediately available funds to permit Purchaser to perform timely its obligations under this Agreement and the Transaction Documents. Purchaser acknowledges and agrees that Purchaser's performance of its obligations under this Agreement is not in any way contingent upon the availability of financing to Purchaser.

Section 3.7 Pending Transactions. As of the date hereof, neither Purchaser nor any of its Affiliates are party to any transaction pending to acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner, any Person or portion thereof, where the entering into of a definitive agreement relating to or the consummation of such acquisition, merger or consolidation would reasonably be expected to: (a) impose any delay in the obtaining of, or increase the risk of not obtaining, any authorizations, consents, Governmental Orders, declarations or approvals of any Governmental Entity necessary to consummate the transactions contemplated hereby or in any Transaction Document or the expiration or termination of any applicable waiting period; (b) increase the risk of any Governmental Entity entering a Governmental Order prohibiting the consummation of the transactions contemplated hereby or in any Transaction Document; or (c) delay the consummation of the transactions contemplated hereby or in any Transaction Document.

Article IV COVENANTS

Section 4.1 Conduct of Business of the Company. During the period from the date hereof and continuing until the earlier of the termination of this Agreement in accordance with the terms hereof or the Closing (the “Pre-Closing Period”), the Company shall and Parent and Seller shall cause the Company to:

(a) conduct the business of the Company in the ordinary course of business consistent with past practice (except to the extent (i) expressly provided otherwise herein or (ii) with Purchaser’s prior written consent (which consent will not be unreasonably withheld, conditioned or delayed)) and in compliance in all material respects with all Applicable Law and Contracts;

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(b) except as required under this Agreement, use its commercially reasonable efforts consistent with past practices to preserve intact the Company’s present business organizations, lines of business and its relationships with customers, suppliers, distributors, licensors, lessors and other third parties having business dealings with the Company;

(c) (i) timely pay in full prior to the Closing all undisputed outstanding accounts payable when due (including outstanding invoices for services provided by third parties to the Company) as determined in accordance with US GAAP and pay all other Indebtedness when due, (ii) timely pay all of its Taxes when due and payable unless there is a good faith dispute over such Taxes as long as non-payment of such Taxes is compliant with Applicable Laws, (iii) timely file all Tax Returns required to be filed prior to Closing in a manner consistent with past practice except as otherwise required by Applicable Law and pay the reasonable expenses of preparation for such Tax Returns, (iv) pay or perform its other obligations when due, (v) use commercially reasonable efforts consistent with past practices to collect accounts receivable when due and not extend credit outside of the ordinary course of business consistent with past practice, (vi) sell products and services consistent with past practices as to service and maintenance terms and incentive programs, (vii) recognize revenue consistent with past practice and policies and in accordance with US GAAP requirements, (viii) maintain its assets and properties in good operating condition and repair and (ix) prosecute and maintain all registrations and applications to register the Company’s Intellectual Property Rights, including paying any related fees when due;

(d) assure that each of the Company’s Contracts (other than with Purchaser) entered into after the date hereof (i) that would constitute a Material Contract or (ii) the termination of which would impose any material penalty or material damage on the Company will not require the procurement of any consent, waiver or novation or provide for any change in the obligations of any party in connection with, or terminate as a result of the consummation of, the Share Sale or any of the transactions contemplated hereunder, and shall give reasonable advance notice to Purchaser prior to allowing any Material Contract or right thereunder to lapse or terminate by its terms;

(e) maintain the Company’s current insurance coverage covering the reasonably anticipated risks of the Company’s business as conducted, and upon any damage, destruction or loss to any of the Company’s assets, apply any and all insurance proceeds received with respect thereto to the prompt repair, replacement and restoration thereof;

(f) perform in all material respects its then-current obligations under each Material Contract; and

(g) terminate any agreements between Seller or any of Affiliates and the Company, in particular any cash pool or intercompany financing arrangements, and settle any outstanding amounts thereunder prior to Closing.

Section 4.2 Restrictions on Conduct of Business of the Company. Without limiting the generality or effect of the provisions of Section 4.1(a), during the Pre-Closing Period and solely with respect to the Company, Parent and Seller shall not (including any of their Affiliates) and Parent, Seller and the Company agree that the Company shall not do, directly or indirectly, cause or permit any of the following (except to the extent (i) expressly provided otherwise herein, (ii) done with Purchaser’s prior written consent (which consent will not be unreasonably withheld, conditioned or delayed) or (iii) set forth in Schedule 4.2):

(a) amend or otherwise change the Company’s articles of association or equivalent governing documents;

(b) issue, sell, pledge, dispose of, grant or otherwise subject to any Encumbrance, any of its capital shares, or any options, warrants, convertible securities, silent participations, or other rights of any kind to acquire any of its securities and/or its capital shares, or any other ownership interest;

(c) transfer, lease, sell, pledge, license, dispose of or subject to any Encumbrance (other than Permitted Encumbrances) any assets or properties of the Company, except for sales and non-exclusive licenses of products in the ordinary course of business consistent with past practice;

(d) declare, set aside, make or pay any dividend or other distribution, with respect to any of its capital shares;

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(e) reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire, directly or indirectly, any of its capital shares or make any change to its capital structure;

(f) (i) acquire, directly or indirectly (including by merger, consolidation, or acquisition of shares or assets or any other business combination), any corporation, partnership, other business organization or any division thereof or any other business, or any equity interest in any Person or any amount of assets that are material to the Company's business as conducted, except inventory in the ordinary course of business consistent with past practice; (ii) incur any Indebtedness, or assume, guarantee or endorse, or otherwise become responsible for (contingently or otherwise), the obligations of any Person, unless in the ordinary course of business consistent with past practices; (iii) make any loans, advances or capital contributions, except for loans or advances to Business Employees for travel expenses and extended payment terms for customers, in each case subject to Applicable Law and only in the ordinary course of business consistent with past practice; or (iv) make, authorize, or make any commitment with respect to any single capital expenditure that is, individually, in excess of US\$ 50,000 or is, together with other capital expenditures that the Company has made, authorized or made a commitment with respect to following the date of this Agreement, in excess of US\$ 200,000; (v) make or direct to be made any capital investments in any Person; or (vi) enter into or amend any Contract with respect to any matter set forth in this subsection (f);

(g) other than as set out in [Schedule 4.2](#), (i) increase or accelerate the compensation payable or to become payable (including bonus grants and retention payments) or increase or accelerate the vesting of any benefits provided, or pay or award any payment or benefit not required as of the date hereof by an Employee Plan as existing on the date hereof and disclosed in [Section 2.13\(a\)](#) of the Disclosure Schedule, to its current and former directors, managing directors, officers or Business Employees or other service providers; (ii) grant any severance or termination pay or retention payments or benefits to, or enter into or amend or terminate any employment, severance, retention, change in control, consulting or termination Contract with, any current or former director, managing director, officer or other Business Employee or other service providers of the Company (other than payments or acceleration made pursuant to an Employee Plan as existing on the date hereof and disclosed in [Section 2.13\(a\)](#) of the Disclosure Schedule); (iii) unless required by Applicable Law, establish, adopt, enter into or amend or terminate any collective bargaining agreement, shop agreement or other agreement with Business Employee representatives, bonus, profit-sharing, thrift, compensation, share option, restricted shares, pension, retirement, deferred compensation, employment, termination, severance or other plan, Contract, trust, fund or policy for the benefit of any current or former director, managing director, officer or Business Employee or other service providers; (iv) solely to the extent such payment or agreement to take any action is outside of the ordinary course of business consistent with past practice, pay or make, or agree to pay or make, any accrual or other arrangement for, or take, or agree to take, any action to fund or secure payment of, any severance pension, indemnification, retirement allowance, or other benefit; (v) hire, elect or appoint any managing director or senior executive; or (vi) terminate the employment, change the title, office or position, or materially reduce the responsibilities of any managing director or Key Employee;

(h) make or change any GAAP accounting treatment election, adopt or change any accounting period, adopt or change any accounting method, except in each case as required by changes in GAAP as concurred with the Company's independent auditors and after notice to Purchaser;

(i) make, change or revoke any Tax election or allow any Tax election previously made to expire, file any amended Tax Return, adopt or change any Tax accounting method or Tax accounting period, enter into, cancel or modify any agreement with a Taxing Authority, except consistent with past practices, settle any Tax claim or assessment relating to the Company, surrender any right to claim a refund of Taxes or consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to the Company (other than an extension resulting solely from an ordinary course extension of time to file a Tax Return, consistent in all respects with past practice as illustrated on [Section 2.20\(b\)](#) of the Disclosure Schedule), destroy or dispose of any books or records with respect to Tax matters relating to any Tax periods for which the statute of limitations is still open, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax if such other similar action would have the effect of increasing the liability for Taxes of the Company for any taxable period (or portion thereof) ending after the Closing Date and provided that any of the actions described in this Section are not obligatory or required by Applicable Law or order of a Tax Authority;

(j) Other than in the ordinary course of business consistent with past practice, enter into (i) any Contract that would (if entered into, amended, renewed or modified prior to the date

of the Agreement) constitute a Material Contract with new or existing customers with any (A) material term that is inconsistent with the Company's existing Material Contracts with such customers or past contracting practices with similarly situated customers, as applicable; or (B) that does not provide for a defined monetary

limitation of liability, other than any such Material Contract that has received Purchaser's prior written approval; (ii) any Material Contract with existing customers other than on terms materially consistent with the Company's existing Material Contracts with such customers, as long as they provide with a defined monetary limitation of liability, and provided such were Made Available to Purchaser prior to the date hereof, unless reasonably required with regard to the circumstances of a particular Material Contract or customer; or (iii) any Contract that would (if entered into, amended, renewed or modified prior to the date of the Agreement) constitute a Material Contract with new customers other than on terms that are materially consistent with the Company's past contracting practices with similarly situated customers, as long as they provide with a defined monetary limitation of liability, and provided such were Made Available to Purchaser unless reasonably required with regard to the circumstances of a particular Material Contract or customer;

(k) enter into any Contract (i) under which the Company grants or provides or agrees to grant or provide to any third Person any assignment, license or other right with respect to any Intellectual Property Rights or Technology (other than non-exclusive licenses granted to the Company's customers in the ordinary course of business consistent with past practice); (ii) under which the Company establishes with any third party a joint venture, strategic relationship, or partnership pursuant to which the Company agrees to develop or create any material Technology, Intellectual Property Right; (iii) under which the Company agrees to create or develop any Technology, Intellectual Property Right, products, or services with any third party; (iv) apply, amend, terminate any Contract related to registration of Company Intellectual Property Rights; or (v) that will cause or require the Company or Purchaser or any of their Affiliates to (A) grant to any third party any license (other than non-exclusive licenses granted to the Company's customers in the ordinary course of business consistent with past practice), covenant not to sue, immunity or other right with respect to or under any of the Intellectual Property Right or Technology of Purchaser or any of its Affiliates; or (B) be obligated to pay any material royalties or other amounts, or offer any discounts, to any third party (other than in connection with non-exclusive Inbound License Agreements entered into in the ordinary course of business consistent with past practice);

(l) enter into or amend any Contract (i) pursuant to which any other party is granted, or that otherwise constrains or subjects the Company or Purchaser or any of its Affiliates to, any non-competition, "most-favored nation," exclusive marketing or other exclusive rights of any type or scope or that otherwise restricts the Company or, upon completion of the Share Sale, Purchaser or any of its Affiliates, from engaging or competing in any line of business, in any location or in any other manner; (ii) with respect to joint ventures, partnerships or material strategic alliances; or (iii) with respect to future services requirements;

(m) commence or settle any Action with an amount in controversy in excess of US\$ 25,000 other than (i) for the routine collection of bills, (ii) in such cases where Seller or the Company is in good faith determines that failure to commence suit would result in the material impairment of a valuable aspect of its business or (iii) for a breach of this Agreement;

(n) not to enter into (i) any new Contracts or transactions with Seller or any of its Affiliates, or (ii) any other Related Party to any of Seller's Affiliates;

(o) accelerate the payment of any material (individually or in the aggregate) Accounts Receivable or Intercompany Receivables, or change or deviate from any cash management practices, in each case except in the ordinary course of business consistent with past practice; or

(p) enter into any Contract or otherwise make a commitment to take any of the actions described in subsections (a) through (o) in this Section 4.2.

Section 4.3 Reasonable Efforts; Antitrust; FDI.

(a) Subject to the terms and conditions contained in this Section 4.3, Seller and Purchaser shall, and Seller shall cause the Company and any of their Affiliates to, cooperate and use their respective commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to make, or cause to be made, all filings necessary, proper or advisable under applicable Laws and to consummate and make effective the transactions contemplated by this Agreement, including their respective commercially reasonable efforts to obtain, prior to the Closing Date, all Permits, consents, approvals, authorizations, qualifications and Orders of Governmental Entities and parties to Contracts

with the Company (including landlords) as are necessary for consummation of the transactions contemplated by this Agreement and to fulfill the conditions to consummation of the transactions contemplated hereby set forth in Section 5.1 and Section 5.2; provided, that no Indebtedness for borrowed money shall be repaid, except as otherwise required pursuant to the terms of the applicable loan agreement, and no Material Contract shall be amended to increase the amount payable thereunder or otherwise to be materially more burdensome to the Company, to obtain any such consent, approval or authorization, without first obtaining the written approval of Purchaser.

(b) Based on their respective analyses, the parties have the common understanding that, with respect to the consummation of the transactions contemplated under this Agreement, it is advisable to make a filing pursuant to Foreign Direct Investment ("FDI") Laws in the Federal Republic of Germany. To the extent a mandatory German FDI filing should not be required, the parties agree that a voluntary filing should be made in order to pre-empt any call-in of the

transaction by the German Ministry for Economic Affairs and Climate Action (the “BMWK”). Without prejudice to the foregoing sentences, if not already filed prior to the date hereof, Seller and Purchaser shall use their respective commercially reasonable efforts to promptly file or cause to be filed, within five (5) Business Days from the date hereof, a precautionary notification and application for a non-objection certificate to the BMWK. Seller and Purchaser shall consult and cooperate with each other in the preparation of such filing, and shall promptly inform the other parties of any material communication received by such party from the BMWK regarding the transactions contemplated by this Agreement. Seller shall review and discuss in advance, and consider in good faith the views of Purchaser in connection with any proposed written or material oral communication with the BMWK. Seller shall not participate in any scheduled meeting with the BMWK unless it first consults with Purchaser in advance, and to the extent permitted by the BMWK, gives Purchaser the opportunity to be present thereat. Neither Parent, Seller nor Purchaser shall agree to any voluntary extension of any statutory deadline or waiting period or to any voluntary delay of the consummation of the transactions contemplated by this Agreement at the behest of the BMWK without the written consent of Purchaser (such consent not to be unreasonably withheld, conditioned or delayed). Each of Purchaser and Seller shall be responsible for their respective input to be provided for the FDI filing and external advisor fees required to be paid in connection with such filing.

(c) Purchaser's obligations under this [Section 4.3](#) to use commercially reasonable efforts shall not include (i) proposing, negotiating, committing to or effecting, by consent decree, hold separate order, or otherwise, the sale, transfer, license, divestiture or other disposition of, or any prohibition or limitation on the ownership, operation, effective control or exercise of full rights of ownership of, any of the businesses, product lines or assets of Purchaser or any of its Affiliates or of the Company, or (ii) defending any judicial or administrative action or similar proceeding instituted (or threatened to be instituted) by any Person under any German FDI Law or seeking to have any stay, restraining order, injunction or similar order entered by the BMWK vacated, lifted, reversed, or overturned.

(d) Without limiting the generality of [Section 4.3\(a\)](#), Seller shall cause the Company to deliver each of the agreements or documents referred to in [Section 5.1\(g\)](#).

Section 4.4 [Domination and Profit and Loss Transfer Agreement.](#)

(a) Seller, as controlling entity, and the Company, as controlled entity, entered into a domination and profit and loss transfer agreement (*Beherrschungs- und Gewinnabführungsvertrag*) dated August 12, 2020, which became effective as of December 12, 2020 (the “[DPLTA](#)”).

(b) Seller shall implement a short fiscal year in the Company ending on or before the Closing Date (the “[Short Fiscal Year](#)”). The DPLTA shall be terminated with effect as of the expiry of the Short Fiscal Year by mutual termination agreement between the Company and Seller (the “[DPLTA Termination Date](#)”).

(c) Seller and the Company shall take any actions, and Purchaser shall procure that any actions will be taken by the Company, that the DPLTA will in any event be effectively implemented (*durchgeführt*) for periods as of the date hereof up to and including the DPLTA Termination Date in accordance with section 14 para. 1 sent. 1 no. 3 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*).

(d) Obligations to transfer profits or assume losses under the DPLTA for the period until the DPLTA Termination Date shall be determined on the basis of individual annual

financial statements of the Company for the Short Fiscal Year (“[DPLTA Financial Statement](#)”), which shall be drawn up by the Company in cooperation with Seller, granting full access to any relevant documents prior to the DPLTA Termination Date, in accordance with German generally accepted accounting principles to be applied in accordance with past practices. As from the Closing, Purchaser shall procure that the DPLTA Financial Statements will be drawn up and adopted in accordance with this [Section 4.4\(d\)](#) and made available to Seller as soon as reasonably practicable after the DPLTA Termination Date. Any profit (*abzuführender Gewinn*) of the Company to be transferred to Seller under the DPLTA as shown in the DPLTA Financial Statements shall belong to Seller (“[DPLTA Seller Claim](#)”). Any loss (*auszugleichender Jahresfehlbetrag*) of the Company to be assumed by Seller under the DPLTA as shown in the DPLTA Financial Statements shall be borne by Seller (“[DPLTA Seller Liability](#)”). Between each other, Seller and Purchaser shall treat any DPLTA Seller Claim and any DPLTA Seller Liability as final claims and/or obligations under the DPLTA (for all fiscal years prior to the Closing Date).

(e) In this respect, except as legally required in order to ensure that the DPLTA is effectively implemented pursuant to section 14 para. 1 sent. 1 no. 3 German Corporate Income Tax Act (to safeguard the fiscal unity for corporate income and trade tax purposes between Seller and the Company), the DPLTA Financial Statements and the financial statements for any previous fiscal years of the Company shall not be amended by the parties, or by the Company, and no further payments under or in respect of the DPLTA shall be required. In case an amendment or payment is required in accordance with the foregoing, the parties shall (i) procure that all relevant payments are made and claims settled in a way accepted by the competent Tax Authority for purposes of the effective implementation of the DPLTA and (ii) the parties shall further procure the following: If Seller has to make a payment under the DPLTA to the Company, Purchaser shall make a payment in the respective amount to Seller or if the Company has to make a payment under the DPLTA to Seller, Seller shall make a payment in the respective amount to Purchaser, in each case concurrently with the relevant other payment. Any payment made between the parties under this [Section 4.4\(e\)](#) shall

be considered as a Purchase Price Adjustment. For the avoidance of doubt, this [Section 4.4\(e\)](#) does not prevent or exclude Purchaser from any claims under [Article II](#).

(f) Subject to the other provisions of [Section 4.4\(d\)](#) which shall prevail, the Parties agree that the DPLTA shall be preliminarily settled between Seller and the Company at Closing based on a good faith estimate determined by Seller in connection with the Estimated Closing Statement pursuant to [Section 4.5\(a\)](#) to the extent it is compliant with Applicable Laws. Following Closing, the final DPLTA Seller Claim or DPLTA Seller Liability will be calculated according to [Section 4.4\(d\)](#) above and any preliminary settlement of the DPLTA will be adjusted accordingly. The parties agree that there shall be no double-counting of any DPLTA Seller Claim or DPLTA Seller Liability when calculating, paying or adjusting the (Estimated) Purchase Price.

(g) Purchaser shall indemnify and hold harmless Seller and its Affiliate from and against, and shall compensate and reimburse Seller for, any and all Taxes related to the time period ending on or before the DPLTA Termination Date resulting from, arising out of, relating to, or imposed upon or incurred by Seller or its former and present Affiliates by reason of a breach of any obligation of Purchaser set forth in [Section 4.4](#), [Section 4.12\(c\)](#), [Section 4.12\(d\)](#) and [Section 4.12\(e\)](#) (as applicable), if and to the extent Seller demonstrates that the failure to oblige with such obligations has caused the indemnifiable Tax to accrue or impaired the ability of Seller to lower or reduce the amount of any Tax assessment or enforcement.

Section 4.5 [Third Party Notices and Consents.](#)

(a) Parent and Seller shall cause the Company to use commercially reasonable efforts to deliver to the applicable third party or obtain prior to the Closing, and deliver to Purchaser at or prior to the Closing, those consents and/or notices (as applicable) that are set forth in [Section 2.4](#) of the Disclosure Schedule; [provided, however](#), all obligations with respect to the purchase orders set forth in [Schedule 4.18\(b\)](#) shall be governed exclusively by [Section 4.18\(b\)](#).

(b) Parent and Seller shall cause the Company to give all notices and other information required to be given to the Business Employees and any applicable Governmental Entity under Applicable Laws in connection with the transactions contemplated by this Agreement.

Section 4.6 [Confidentiality.](#)

(a) Effective as of the date hereof, each party agrees to keep secret and to treat with confidentiality the Confidential Information of the other parties and not to disclose any such

Confidential Information to any person or entity whatsoever or to use any Confidential Information for any purpose whatsoever; [provided, however](#), that in the event that a party or parties, as applicable, (a "[Required Disclosing Party](#)") shall be legally required to disclose any Confidential Information, the Required Disclosing Party shall immediately notify the other party or parties, as applicable, of such request or requirement prior to disclosure so that the other party or parties, as applicable, may seek an appropriate protective order with the reasonable assistance of the Required Disclosing Party.

(b) Without limiting from the foregoing, each Party hereby agrees that (i) it will be bound by and comply with the obligations of the Confidentiality Agreement, which will continue in full force and effect in accordance with its terms, except that any Confidential Information concerning the Company shall be deemed Purchaser's Confidential Information for all purposes under this [Section 4.6](#); and (ii) it and its Affiliates will hold, and that it will direct its other Representatives to hold, the terms of this Agreement, and the fact of this Agreement's existence, in strict confidence in accordance with the terms and conditions of the Confidentiality Agreement. At no time will a party hereto or its officers, directors, Affiliates or employees disclose any of the terms of this Agreement (including the economic terms) or any non-public information about a party hereto to any other Person without the prior written consent of such other party.

(c) Notwithstanding anything to the contrary in the foregoing, a party hereto will be permitted to disclose Confidential Information and any and all terms of this Agreement (i) to its financial, tax, and legal advisors (subject to the provisions of Section 3 to the Confidentiality Agreement) and (ii) subject to [Section 4.7](#) below, to the extent applicable, to any Governmental Entity to the extent necessary to comply with Applicable Law or the rules of the primary exchange, if any, on which such party is listed.

Section 4.7 [Public Announcements.](#)

(a) Except as required pursuant to any mandatory disclosures under Applicable Law, including stock market rules, no party to this Agreement, nor any of their Affiliates and Representatives shall issue any press release or otherwise make any public statements in any form, including any statements accessible to the public via the internet or other means, with respect to this Agreement, the Share Sale or the other transactions contemplated by this Agreement or any of the other Transaction Documents without the prior written consent of Purchaser, Parent or Seller, as applicable, which consent shall not be unreasonably withheld or delayed.

(b) Purchaser, Parent and Seller shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the Share Sale contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation, except as such party may reasonably conclude may be required by Applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange; provided, that each party may make statements without such consultation that are consistent with previous press releases, public disclosures or public statements made by either party in compliance with this Section 4.7(b). Purchaser, Parent and Seller agree that the initial press release to be issued with respect to the Share Sale contemplated by this Agreement shall be in the form heretofore agreed to by the parties.

Section 4.8 Exclusivity.

(a) During the Pre-Closing Period, Parent and Seller will not, nor will Parent nor Seller authorize or permit the Company or any of its Affiliates or Representatives to, directly or indirectly, (i) solicit, initiate, seek, or knowingly entertain, encourage, facilitate, support or induce the making, submission or announcement of any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, (ii) enter into, participate in, maintain or continue any communications (except solely to provide written notice as to the existence of these provisions) or negotiations regarding, or deliver or make available to any Person any non-public information with respect to, or take any other action regarding, any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal or (iii) agree to, accept, approve, endorse or recommend (or publicly propose or announce any intention or desire to agree to, accept, approve, endorse or recommend) any Acquisition Proposal. Parent and Seller will immediately cease and cause to be terminated any and all existing activities, discussions or negotiations with any Persons conducted prior to or on the date hereof with respect to any Acquisition Proposal.

(b) Without limiting the effectiveness of Section 4.8(a) above, Parent and/or Seller shall, within 24 hours, notify Purchaser orally and in writing after receipt by the Company, Parent or Seller or, to Seller's Knowledge, any of their Affiliates (or, to Seller's Knowledge, by any of its respective Representatives), of (i) any Acquisition Proposal, (ii) any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, or (iii) any other notice that any Person is considering making an Acquisition Proposal. Such notice shall describe (1) the terms and conditions of such Acquisition Proposal, and (2) the identity of the Person or group (as such term's meaning set forth in Section 13(D) of the Securities Exchange Act of 1934, as amended, the rules and regulations thereunder and related case law) making any such Acquisition Proposal.

Section 4.9 Non-compete; Non-Solicit.

(a) Non-compete – Restrictions. In consideration of the purchase of the Shares by Purchaser, within three (3) years from the Closing Date (the "Restricted Period"), Seller and Parent shall not, and to the extent permissible under Applicable Law, shall cause their Affiliates and, solely with respect to work performed at the direct instruction of Seller, Parent or their Affiliates, their respective employees not to:

(i) within any jurisdiction in which the Company is either (a) operating; (b) is contemplating as of the Closing Date to do operate; or (c) in which it operated within 12 months prior to the Closing Date; directly or indirectly own, manage, operate, control, or participate in the ownership, management, or operation or control, or otherwise engage in, a business engaged in the research, development, assembly, production, marketing, distributing, selling and service of, manual or automated non-contact optical metrology systems for panel or semiconductor wafer, in the areas that the Company was operating in within 12 months prior to the Closing Date or was contemplating to operate in as of the Closing Date (the "Business"); provided, however, the parties acknowledge and agree that nothing in this Section will limit Seller, Parent or any of their Affiliates from engaging in any of the following activities: (A) engineering probes with optical measurement capabilities, (B) probing or testing of optical integrated circuits, (C) optical metrology for use in cryogenic applications and (D) optical metrology for probe cards and test/package consumables;

(ii) the term "operating", "operate" or the like, for the purposes of this Section 4.9(i), shall include doing business, developing, manufacturing, marketing, selling, or providing services, in each case, through Parent or its Affiliates or their respective distributors.

(iii) persuade or attempt to persuade any potential customer or client regarding the Business to which the Company has made a presentation, or with which the Company has had discussions, not to hire the Company, or to hire another company; or

(iv) interfere with the relationship between the Company and any customer or client of the Company, nor make any negative or disparaging statements or communications about the Company with such customer or client, nor with any providers of the Company, regarding the Business.

(b) **Non-compete – Exceptions.** Notwithstanding the terms of the foregoing subsection (a), nothing contained herein will prohibit or restrict Seller, Parent or any of their Affiliates, from directly or indirectly:

(i) owning securities constituting five percent (5%) or less of any class of securities of any private or publicly traded company, provided such ownership is of a passive financial investment nature only;

(ii) engaging in any merger, acquisition (whether of shares or assets), consolidation or any other business combination with any Person if the stockholders of Parent immediately prior to closing of such transaction own less than sixty percent (60%) (for the avoidance of doubt, including none) of the outstanding common stock of the resulting or surviving entity (or the parent thereof) (a “Permitted Business Combination”). The parties agree that Section 4.9 will automatically terminate and be of no further force or effect upon the closing of a Permitted Business Combination, provided that (A) the stockholders of Parent immediately prior to the closing of such Permitted Business Combination are not entitled, pursuant to the terms of the merger agreement (or similar

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agreement governing the terms of such Permitted Business Combination), to elect or designate more than sixty percent (60%) (for the avoidance of doubt, including none) of the members of the board of directors or similar governing body of the surviving entity (or parent thereof), (B) neither Parent nor any of its directors or officers (x) have directly elected or designated or (y) are entitled to directly elect or designate, more than sixty percent (60%) (for the avoidance of doubt, including none) of the members of the board of directors or similar governing body of the surviving entity (or parent thereof), in each case (x) and (y), solely pursuant to or as disclosed in the terms of any document filed by Parent with the Securities and Exchange Commission directly in connection with and prior to the closing of such Permitted Business Combination, and (C) persons serving on the board of directors of Parent as of immediately prior to closing of such Permitted Business Combination do not comprise more than 60% (for the avoidance of doubt, including none) of the persons serving on the board of directors (or similar governing body) of the surviving entity (or parent thereof) as of immediately following the consummation of such Permitted Business Combination;

(iii) divesting any business (whether by way of asset sale or otherwise); or

(iv) acquiring (whether by acquisition of assets, merger or otherwise) any business entity for which revenues from the Business represented an amount less than fifteen percent (15%) of such entity's aggregate revenues during such entity's last fiscal year; provided, that Seller, Parent or such Affiliate, as applicable, will provide written notice to Purchaser upon consummation of such transaction and will use commercially reasonable efforts to divest itself of such rights in the Business within six (6) months from the closing of such acquisition (but in any event will divest itself of such rights in the Business before the date that is 12 months of such acquisition), and during such period prior to divestment, the ownership, conduct, management, operation or control of such Business will not be in violation of the foregoing subsection (a). The obligation to divest set forth in this Section 4.9(b)(iv) will expire upon expiration of the Restricted Period.

(c) **Non-solicit.** From and after the Closing Date, Seller and Parent shall not, and shall cause their Affiliates not to, for a period of three (3) years after the Closing Date, knowingly solicit for employment any Business Employee; provided, that this paragraph shall not preclude Seller or its Affiliates from hiring any such employee (i) who responds to a general solicitation through a public medium or general or mass mailing by or on behalf of Seller or any of its Affiliates that is not targeted at employees of the Company, (ii) who contacts Seller or its Affiliates directly on such individual's own initiative except for any employee of the Company who is a Key Employee, as demonstrated by written evidence; or (iii) whose employment by or term in office with the Company or its Affiliates ceased at least six (6) months prior to the date of the applicable solicitation or hiring for any reason other than such employee's voluntary resignation.

(d) It is the desire and intent of the parties to this Agreement that the provisions of this Section 4.9 shall be enforced to the fullest extent permissible under the Laws and public policies applied in each jurisdiction in which enforcement is sought. If any particular provisions or portion of this Section 4.9 shall be adjudicated to be invalid or unenforceable, this Section 4.9 shall be deemed amended to delete therefrom such provision or portion adjudicated to be invalid or unenforceable, such amendment to apply only with respect to the operation of this Section 4.9 in the particular jurisdiction in which such adjudication is made.

(e) Subject to Section 4.9(f), the parties recognize that the performance of the obligations under this Section 4.9 by Parent and Seller is special, unique and extraordinary in character, and that in the event of the breach by Parent or Seller of the terms and conditions of this Section 4.9 to be performed by Parent or Seller, Purchaser and the Company shall be entitled, if they so elect, to pursue damages for any breach of this Section 4.9, and to enforce the specific performance thereof by Parent or Seller or to enjoin Parent or Seller or its Affiliates from performing such breach.

(f) **Non-Compete – Cure Period.** Notwithstanding anything herein to the contrary:

(i) In the event Purchaser becomes aware of the existence of any circumstances which Purchaser in good faith believes may result in an indemnification claim pursuant to Section 6.2(a)(iii) with respect to a breach of Section 4.9(a) (*Non-Compete*), Purchaser shall provide a Claim Notice with

respect to such alleged breach to Parent as soon as practicable after Purchaser becomes aware of such circumstances.

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(ii) Parent will have two (2) Business Days following receipt of the Claim Notice (the “Cure Period”) to dispute or cure such alleged breach of Section 4.9(a) as outlined in the Claim Notice.

(iii) If such alleged breach is not cured within the Cure Period, the parties agree that any remaining dispute arising out of the alleged breach of Section 4.9(a) outlined in the Claim Notice shall be referred to the respective chief executive officers of the parties for resolution. The respective chief executive officers will use reasonable best efforts to resolve such alleged breach and come to an agreement within ten (10) Business Days after referral of the matter to them (the “Resolution Period”).

(iv) If, upon the expiration of the Resolution Period, such alleged breach outlined in the Claim Notice has not been resolved, Purchaser may exercise any rights or remedies it may have pursuant to this Agreement with respect to the unsolved portion of such alleged breach. In the event Purchaser requests judicial relief of any kind to enforce its rights under Section 4.9(e) or Section 8.6(f) (or both), Parent agrees not to raise the following arguments in opposition to the requested judicial relief: (A) the fact that Purchaser complied with the procedures set forth in this Section 4.9(f); or (B) that twelve (12) Business Days (or any portion thereof) have passed due to the Cure Period and the Resolution Period provided for in this Section. Parent does not waive, and may assert, any other argument in opposition to Purchaser’s request for judicial relief.

(v) Notwithstanding any other provision in this Section, there will be no limitations or restrictions on the time period in which Purchaser’s damages accrued due to the Cure Period and Resolution Period provided for in this Section.

Section 4.10 Employees and Contractors.

(a) **Transferred Employees.** For the purposes hereof, (i) each Company Employee other than the Carve-Out Employees, and (ii) each Additional Employee who either (A) transfers to the Company, Purchaser or any Affiliate of Purchaser by operation of Law on the Closing Date, or (B) accepts the Purchaser offer of employment pursuant to the terms of this Section, will be referred to as a “Transferred Employee”. Any employee, including directors and officers, of Seller, any Affiliate of Seller or the Company who is not a Transferred Employee, including for the removal of doubt any Offered Employees who do not become Transferred Employees, will be referred to as an “Excluded Employee”.

(b) **General Principle.** Anything to the contrary hereunder notwithstanding, the Parties agree that Seller shall assume and bear all Liabilities, Losses, responsibilities and obligations, whether past, present or future, with respect to the employment of (i) Excluded Employees and (ii) Transferred Employees, except to the extent relating exclusively to the period of their engagement with the Company post-Closing (“Seller Employee Liabilities”). Unless stipulated otherwise in this Agreement, Purchaser shall indemnify and hold harmless Seller and its Affiliates from and against, and shall compensate and reimburse Seller for, all Liabilities, Losses, responsibilities and obligations with respect to the Transferred Employees, solely to the extent relating to the period of their engagement with Purchaser, its Affiliates and the Company post-Closing (“Purchaser Employee Liabilities”). Notwithstanding anything to the contrary under this Agreement, (A) Seller shall indemnify and hold harmless Purchaser and its Affiliates from and against, and shall compensate and reimburse Purchaser for, any and all Liabilities, Losses and obligations in respect to the Seller Employee Liabilities and (B) Purchaser shall indemnify and hold harmless Seller and its Affiliates from and against, and shall compensate and reimburse Seller for, any and all Liabilities, Losses and obligations in respect to the Purchaser Employee Liabilities. Notwithstanding the foregoing, none of Seller, Parent or Purchaser shall be entitled to recover specific Losses for a corresponding Loss that was already included as the same Liability (in all respects) and to the extent such Liability was accurately calculated, depicted and clearly taken into full account in determining the Net Working Capital, Transaction Expenses, Indebtedness taken into account as downward adjustments to the Purchase Price.

(c) **Automatic Transfer Employees.** Effective as of the Closing Date, the Automatic Transfer Employees will be transferred by operation of Applicable Law unless the Automatic Transfer Employees object to their transfer pursuant to Applicable Law. Unless otherwise set forth in this Agreement, the rights, powers, duties, Liabilities and obligations of Parent, Seller and any Affiliate of Seller with respect to such Automatic Transfer Employees in respect of their terms and

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conditions of employment in force immediately before the Closing Date will be transferred to Company, Purchaser or any Affiliate of Purchaser in accordance with Applicable Law.

(d) **Offered Employees.** Within 10 Business Days of the date hereof, Purchaser will make offers of employment to the Offered Employees in accordance with Applicable Law and to become effective as of the Closing Date. Such offers of employment will be on terms and conditions, including pay, position, responsibility and benefits, including equity incentive arrangements and restricted stock units, that are substantially comparable to the terms and conditions provided to such Offered Employees by Parent and/or its Affiliates on the date hereof and for employment at a work location within a 10-mile radius of the location where such Offered Employees are permanently providing services with respect to the Company's business as conducted. No later than eight (8) Business Days prior to delivering such offers of employment to the Offered Employees, Purchaser will provide the material terms of such offers to Seller and Purchaser will consider in good faith any comments provided by Seller. Parent or its Affiliates may terminate the employment of any Offered Employee who does not become a Transferred Employee on the Closing Date, provided that Parent will be entitled to prompt reimbursement from Purchaser of any severance or separation costs (including the employer portion of any withholding and payroll Taxes thereon) required to be paid by Parent or its Affiliates but only with respect to any Offered Employee who both (i) does not receive an offer of employment made by Purchaser or one of its Affiliates that materially complies with the requirements set forth in this Section and (ii) does not become a Transferred Employee on the Closing Date. For the avoidance of doubt, should an Offered Employee (A) receive an offer of employment made by Purchaser or one of its Affiliates that materially complies with the requirements set forth in this Section and (B) does not become a Transferred Employee, Parent or its applicable Affiliate will bear the costs associated with any severance or separation costs (including the employer portion of any withholding and payroll Taxes thereon) required to be paid by Parent or its Affiliates.

(e) **Employment Protection.**

(i) The parties and their applicable Affiliates will use commercially reasonable efforts to ensure that each Automatic Transfer Employee and Offered Employee who is inactive because of a leave of absence due to a short- or long-term disability becomes employed by Purchaser on the Closing Date, if permitted by Applicable Law, and otherwise as soon as possible after such employee's return to active employment.

(ii) Purchaser and its Affiliates will take into account all service that the Transferred Employees earned while employed by Seller or any of its Affiliates, as applicable, prior to the Closing Date and will treat such service as service with Purchaser and its Affiliates for purposes of determining such Transferred Employees' eligibility for holidays, sick days, vacation, and benefits. Purchaser and its Affiliates will take into account all service of the Transferred Employees with Seller or any of its Affiliates prior to the Closing Date for purposes of participation, vesting and benefit accrual under the employee benefit plans, funds or programs of Purchaser and its Affiliates, to the extent such are based upon tenure. Any group health plan of Purchaser or any of its Affiliates in which a Transferred Employee or the dependents thereof participate will recognize for purposes of calculating any deductible, co-pay or out of pocket maximum thereunder the covered expenses that such Transferred Employee and such Transferred Employee's dependents incurred in the group health plan of the same type with Seller, any of its Affiliates or the Company, as applicable, prior to the Closing Date. For these purposes, "covered expenses" are those that counted towards the deductible, co-pay or maximum out of pocket expenses in the group health plan of Seller, any of its Affiliates or the Company, as applicable, that is the same type of group health plan that the Transferred Employee and such Transferred Employee's dependents are participating in with Purchaser or its Affiliates and that were incurred in a plan year of Seller's (or its Affiliates') relevant group health plan that ends with or within the plan year of Purchaser's (or its Affiliates') relevant group health plan that ends after the Closing Date. Notwithstanding anything in this Agreement to the contrary, any service credited by Seller, any of its Affiliates or the Company, as applicable, with respect to any Transferred Employee for any period or periods of time prior to the Transferred Employee's commencement of employment with Seller, any of its Affiliates or the Company, as applicable, will be counted as service of the Transferred Employee while employed by Seller, any of its Affiliates or the Company, as applicable, prior to the Closing Date and will be taken into account by Purchaser and its Affiliates for purposes of this Section 4.10(e).

(iii) Without limiting any other obligation of Purchaser hereunder, Purchaser and its Affiliates, as applicable, will (i) establish new employee benefit or fringe

benefit plans, funds or programs to cover the Transferred Employees (and, to the extent appropriate, their dependents and other beneficiaries), (ii) cover the Transferred Employees (and, to the extent appropriate, their dependents and other beneficiaries) under its existing employee benefit or fringe benefit plans, funds or programs, (iii) assume the Employee Plans to the extent it is mandatory under Applicable Law, or (iv) any combination of clauses (i), (ii) and (iii) above as Purchaser and Seller reasonably agree.

(iv) The provisions of this Section 4.10(e) are solely for the benefit of the parties hereto, and nothing in this Section 4.10(e) or any other provision of this Agreement, whether express or implied, is intended to, or will (i) constitute the establishment or adoption of or an amendment to any employee benefit plan for purposes of ERISA or Applicable Law or otherwise be treated as an amendment or modification of any benefit plan, agreement or arrangement, (ii) limit the right of Seller, Purchaser or any of their respective Affiliates to amend, terminate or otherwise modify any benefit plan, agreement or arrangement, or (iii) create any third-party beneficiary or other right in any Person, including any current or former employee of Seller or any of its Affiliates, any participant in any benefit plan, agreement or arrangement (or any dependent or beneficiary thereof).

(v) Purchaser and its applicable Affiliates will timely provide any information relating to the Company's business that is necessary for Seller and its Affiliates to discharge their obligations under Applicable Laws (including under any Transfer Regulations) to notify and/or consult with the Company Employees or Offered Employees or their representatives, unions, works councils or other employee representative bodies, if any.

(f) Equity Incentives.

(i) Seller shall procure that any equity incentives, including any restricted stock units granted to Transferred Employees by Seller or any Affiliate of Seller ("Equity Incentives"), will terminate with effect as of the Closing Date to the extent the Equity Incentives have not become vested on the Closing Date ("Unvested Equity Incentives"). To the extent the Equity Incentives have become vested on the Closing Date, all Liabilities resulting therefrom shall be deemed as Seller Employee Liabilities.

(ii) At the Closing, each Company restricted stock unit held by a Transferred Employee that is unvested, unexpired, unexercised and outstanding immediately prior to the Closing (the "Unvested RSUs") shall, on the terms and subject to the conditions set forth in this Agreement, be cancelled and in substitution for the cancelled Unvested RSUs, the Transferred Employee will receive restricted stock units in Camtek IL at the same fair market value as the Unvested RSUs. For this purpose, "fair market value" of the share price of each Unvested RSU will be equal to the average closing price of a share on the stock exchange or a national market system on which the shares are listed over the 30 trading days as of the end of trade two Business Days prior to Closing. Each cancelled and substituted Unvested RSU shall be subject to the similar terms and conditions (including vesting schedule) that were applicable to such Unvested RSU immediately prior to or at the Closing. Camtek IL will not substitute any Unvested RSUs held by Persons that are Excluded Employees. Promptly after the Closing Date, Camtek IL shall issue to each Person who immediately prior to the Closing was a holder of Unvested RSUs a document evidencing the foregoing assumption by Camtek IL. Subject to Section 4.13, Purchaser will have the opportunity to provide documentation, explanation, data and discuss all matters regarding the above grants with the relevant Transferred Employees.

(g) Continuing Contractors. Parent and Seller shall cause the Company or any of its Affiliates who are supporting the Company's business as conducted to cooperate and work with Purchaser to help Purchaser identify independent contractors of the Company whom Purchaser may wish to engage following the Closing. Subject to the prior written consent by Seller not unreasonably withheld or delayed, Purchaser shall have the right to furnish to independent contractors referred to in the preceding sentence terms and conditions of employment with the Company, Purchaser, or any other legal entity as determined by Purchaser becoming effective as of Closing. The independent contractors of the Company referred to in the preceding sentence shall be hereinafter referred to as the "Continuing Contractors." Notwithstanding anything in this Agreement to the contrary, no Continuing Contractor, and no other independent contractor of the Company, shall be deemed to be a third party beneficiary of this Agreement.

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(h) Collaboration Regarding Employee Communications. During the Pre-Closing Period Parent, the Company and Purchaser shall collaborate in approaching all Company Employees, the employees who shall become Additional Employees and independent contractors in order to communicate to them the pending transactions hereunder, with the goal to ensure a smooth continuation of their engagement with the Company (or its relevant Affiliate, as applicable).

(i) Carve-Out Employees. The Parties agree and Prior to Closing, Seller shall procure that the employment and/or services relationships of the Carve-Out Employees shall be transferred to Seller or any Affiliate of Seller with effect as of the Closing Date. Seller shall indemnify and hold harmless Purchaser, the Company and their Affiliates from any Liabilities, Losses and obligations arising from and in connection with the employment and/or services relationships of the Carve-Out Employees, including the costs for a continuation of the employments until the effective date of any transfer and termination, respectively, and any severance costs.

Section 4.11 Third Party Communications. During the Pre-Closing Period Parent, the Company and Purchaser shall collaborate in approaching all customers, suppliers and all other third party business partners as reasonably requested by Purchaser, in order to communicate to them the pending transactions hereunder, with the goal to ensure a smooth continuation of their underlying business relationships following the Closing.

Section 4.12 Tax Matters.

(a) Cooperation. Each of Purchaser and Seller agrees to retain and furnish or cause to be furnished to one another, upon request, as promptly as practicable, such information in their possession (or, in the case of Purchaser, following the Closing, in the possession of the Company) and assistance relating to the Company as is reasonably necessary for the filing of all Tax Returns of or with respect to the Company, the making of any election related to Taxes of or with respect to the Company and the period ending on or before the Closing Date, the preparation for any audit by any Taxing Authority relating to any Tax Return of or with respect to the Company and the period ending on or before the Closing Date, and the prosecution or defense of any Action relating to any Tax Return of or with respect to the Company and the period ending on or before the Closing Date. Purchaser and Seller shall cooperate with each other in the conduct of any audit or other proceeding related to Taxes of or with respect to the Company and the period ending on or before the Closing Date and each shall execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section 4.12. In the event any Taxing Authority informs Seller, on the one hand, or Purchaser or the Company, on the other, of any notice of proposed audit, claim, assessment or other dispute concerning an amount of Taxes with respect to which the other party may incur Liability hereunder, the party so informed shall promptly notify the other party of such matter.

(b) Transfer Taxes. Any Transfer Taxes shall be borne by Purchaser. Except as otherwise required by Applicable Law, Purchaser shall, at its own expense, prepare and file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes, and provide Seller with a complete and correct copy thereof.

(c) Filing Tax Returns.

(i) Tax Returns (x) required to be filed by or on behalf of the Company, (y) relating to any Tax assessment periods (*Veranlagungszeiträume, Erhebungszeiträume, sonstige Besteuerungszeiträume*) which fully or partially cover the period until the Closing Date and (z) which have an effect on Seller's or its Affiliate's Tax obligations (due to the fiscal unity for corporate income and trade tax purposes between Seller and the Company as described in Section 4.4(e)) ("Tax Returns of Seller's Interest" and any Tax or Tax basis to be covered by law in a Tax Return of Seller's Interest hereafter "Tax Item of Seller's Interest") shall be filed by Purchaser or the Company when due but subject to the review and prior written consent of Seller which shall not be unreasonably withheld and shall be deemed granted twenty (20) Business Days after such consent has been requested in writing by Purchaser. The Tax Returns of Seller's Interest have to be prepared on a basis consistent with Seller's reasonable and lawful instructions and further consistent with and by making elections in accordance with those Tax Returns prepared for past Tax assessment periods unless otherwise required by mandatory law or order of a Tax Authority. Any instructions given by Seller must comply with Applicable Law and past practice unless otherwise required by mandatory law or binding order of a Tax Authority. Purchaser shall ensure that any Tax Returns to be reviewed and approved by Seller (y) will

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be furnished to Seller no later than thirty (30) Business Days prior to the due date of the relevant Tax Return and (z) will be filed in time (taking into account any extensions). Purchaser shall take into account any instructions received from Seller no later than twenty (20) Business Days prior to the due date of the relevant Tax Return provided that such instructions are in accordance with Applicable Law.

(ii) Any Tax Returns of Seller's Interest may not be amended or changed without the prior written consent of Seller (such consent not to be unreasonably withheld and deemed granted twenty (20) Business Days after such consent has been requested in writing by Purchaser), and Purchaser shall follow, and shall cause the Company to follow, any reasonable and lawful instructions of Seller regarding the amendment of such Tax Returns; for the avoidance of doubt, corrections of filed Tax Returns which are required by law are not prevented by this clause.

(d) Tax Assessments and Tax Audits.

(i) After the Closing, Purchaser shall procure that Seller will be informed in writing without undue delay, at the latest however within ten (10) Business Days after receipt, by the Company or Purchaser, of all Tax assessments (*Steuerbescheide*) and announcements of Tax audits (*Betriebsprüfungen*) or other written administrative or judicial procedure, dispute or circumstance, in relation to a Tax Item of Seller's Interest.

(ii) Purchaser shall procure that Seller, at his costs, will be provided with all relevant documents and other information which are reasonably available to the Company or Purchaser and are required to enable Seller to evaluate such Tax Item of Seller's Interest.

(iii) If and to the extent that Tax audits of the Company relate to Tax Item of Seller's Interest, Seller shall, at its reasonable request and sole cost and expense, be given the opportunity to engage and instruct, at their choice, a German Tax counsel in relation to such Tax audits regarding Tax Item(s) of Seller's Interest. The German Tax counsel is entitled to participate in meetings with Tax Authorities in relation to such Tax proceedings and audits acting reasonably.

(iv) Purchaser shall use commercially reasonable efforts with regard to Tax audits relating to Tax Item of Seller's Interest that,

(A) the Tax auditor shall address questions and statements in writing (unless otherwise agreed between Purchaser and Seller in advance and in writing); and

(B) such questions and statements are forwarded to Seller without undue delay and give Seller the opportunity to provide answers and comments on these questions and statements prior to their filing. Any such answers and comments must be provided by Seller within fifteen (15) Business Days after the receipt of the questions or statements, provided that, Seller shall bear all out-of-pocket costs and expenses in connection with this Section 4.12(d)(iv).

(e) Defense.

(i) Purchaser shall take, and shall procure that the Company take, at Seller's sole expenses, such lawful action as Seller may request by written notice to Purchaser to avoid, dispute, resist, appeal or otherwise defend, including by suspension of enforcement or other injunction, against any assessment or enforcement of a Tax Item of Seller's Interest. The Tax counsel of Seller's choice shall be appointed by the Company, at the expense of Seller, in connection with actions relating to Tax Item of Seller's Interest. The Company will allow this Tax counsel to report to Seller the status of such proceedings and is further entitled to discuss with Seller further procedural steps. Further, Seller is entitled to give instructions to this Tax counsel with regard to the defense and any legal remedy (including injunction) to be lodged including any arguments which may be used, provided that such instructions or arguments are reasonable, comply with mandatory law, where a continuous, unchanged past practice compliant with Applicable Law has been applied by the Company before the Closing Date, with such continuous and past practice applied by the Company. Purchaser procures that Seller and the Tax counsel will be provided without undue delay with all relevant documents, other information, and with

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such further assistance as reasonably required for the defense. The obligation to bear the expenses of any defense measure requested by Seller includes the fees and other costs payable in respect of any injunction, appeal or court proceeding.

(ii) With respect to a Tax Item of Seller's Interest no concession shall be made by Purchaser or the Company and no claim for Tax Item of Seller's Interest shall be acknowledged or settled, without prior written consent of Seller, which shall not be unreasonably withheld or delayed and shall be deemed granted twenty (20) Business Days after request of such consent in writing by Purchaser.

(f) All Taxes and Tax Liabilities with respect to the income, property or operations of the Company that relate to any Straddle Period shall be apportioned between the Pre-Closing Tax Period and the Tax period ending after the Closing Date as follows: (i) in the case of Taxes other than income, sales and use and withholding Taxes, on a per-diem basis, and (ii) in the case of income, sales and use and withholding Taxes, as determined from the books and records of the Company as though the Tax year of the Company terminated at the end of the Closing Date.

(g) For the avoidance of doubt, Section 4.12(c) through (e) shall only apply to Taxes of Seller relating to the fiscal unity for income tax and trade tax purposes in place between Seller as fiscal unity parent and the Company as fiscal unity subsidiary, and shall not apply to any other Taxes.

Section 4.13 Access to Information

. During the Pre-Closing Period, (i) Parent and Seller shall and shall procure that the Company will, subject to Applicable Law, afford Purchaser and its Representatives reasonable access during business hours upon Purchaser's written request reasonably in advance to (A) the Company's corporate, financial and operational data, including corporate resolutions, properties and other material assets, books, Contracts and records, and (B) all other information concerning the business, properties and personnel of the Company as Purchaser may reasonably request, and (ii) Parent and Seller shall provide to Purchaser and its Representatives the Company's bimonthly (i.e., twice a month) (as well as updates with respect to material occurrences to the extent transpire in between such periodical reports, as soon as reasonably practical) and Tax Returns, Tax elections and any other records and workpapers relating to Taxes, that are in the possession of the Company or subject to the Company's control. Notwithstanding the foregoing, Purchaser expressly acknowledges and agrees that it will not, and will cause its Affiliates to not, contact or otherwise communicate with, either orally or in writing, any employee, officer, director, current or future customer or current or future supplier, licensor or joint venture partner of the Company's business (including, for such purpose, any employee of the Company or Offered Employee who provides any service to the Company's business) without the prior consent of Parent (such consent not to be unreasonably withheld or delayed).

Section 4.14 Reserved.

Section 4.15 Representation and Warranty Policy. The parties acknowledge that, as of the date hereof, Purchaser has obtained the Representation and Warranty Policy. Purchaser shall not terminate, modify or amend the Representation and Warranty Policy in a manner that would be adverse to Parent or Seller without Parent's or Seller's, as applicable, prior written consent (such consent not to be unreasonably withheld, delayed or conditioned). Seller shall cause the Company and its Representatives, as applicable, to reasonably cooperate and assist Purchaser with obtaining the Representation and Warranty Policy, as reasonably

requested by Purchaser. Purchaser shall cause the Representation and Warranty Policy to include a waiver of subrogation by the carrier/insurer such that the Representation and Warranty Policy will not permit subrogation by the carrier/insurer to any rights of Purchaser against Seller or its Affiliates, except with respect to any claim based on fraud (the "Subrogation Waiver"), and further Purchaser will not waive or permit the amendment of such Subrogation Waiver.

Section 4.16 Parent, Seller and Company Release.

(a) Parent and Seller Release. Effective as of the Closing Date and subject to the Closing and the payment of the Purchase Price, in consideration of the consummation of the transactions contemplated hereunder, Parent and Seller (with respect to itself and any of its Affiliates

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except for the Company) hereby irrevocably, unconditionally and completely releases, acquits and forever discharges the Company and each of the Company's directors, officers, employees, agents, advisors, Representatives, Affiliates, successors, heirs and assigns, executors and administrators and the Transferred Employees (the "CompanyReleasees") from any past, present and future disputes, claims, controversies, demands, rights, obligations, costs, expenses (including attorneys' and accountants' fees and expenses), Liabilities, actions and causes of action of every kind and nature, in law or in equity, whether known or unknown, matured or unmatured, fixed or contingent, involving, or that may be asserted or exercised by Parent, Seller or and any of their Affiliates, in any capacity, except for Seller's rights under this Agreement, in connection with the transactions contemplated hereby and each agreement attached as an exhibit hereto or entered into in connection herewith.

(b) Company Release. In consideration of the consummation of the transactions contemplated hereunder, the Company hereby irrevocably, unconditionally releases, acquits and forever discharges, effective as of the Closing Date and subject to the Closing, Seller and each of Seller's directors, officers or employees who acted as any current or former or serving as of immediately prior to the Closing Date director or officer of the Company, as well as its successors, heirs and assigns, executors and administrators (the "SellerReleasees") from any past, present and future disputes, claims, controversies, demands, rights, obligations, liabilities, actions and causes of action of every kind and nature, in law or in equity, whether known or unknown, matured or unmatured, fixed or contingent, involving, or that may be asserted or exercised by the Company that arise from or out of, are based upon or relate to the service of such person as a director or officer of the Company, except with respect to such rights and claims available to Purchaser under this Agreement, in connection with the transactions contemplated hereby and each agreement attached as an exhibit hereto or entered into in connection herewith.

(c) Notwithstanding anything to the contrary in this Section, the foregoing releases and covenants will not apply to any claims (i) involved fraud or breach of applicable law of the Company Releasee (in case of Seller Release) or Seller Releasee (in case of Company Release), (ii) relating to the other Party's failure to perform any of its obligations, undertakings or covenants set forth in this Agreement, (iii) relating to any employment payment, including salary, bonuses, accrued vacation, any other employee compensation and/or benefits and unreimbursed expenses and (iv) relating to or arising from any commercial relationship (including for the removal of doubt any services engagements) Seller may have with any of the Company Releasees or that Purchaser or the Company may have with any Seller Releasee.

(d) Notwithstanding anything to the contrary: (i) the foregoing release is conditioned upon the consummation of the Closing and will become null and void, and will have no effect whatsoever, without any action on the part of any Person, upon termination of this Agreement in accordance with Article VII and (ii) should any provision of this release be found, held, declared, determined, or deemed by any court of competent jurisdiction to be void, illegal, invalid or unenforceable under any Applicable Law, the legality, validity, and enforceability of the remaining provisions will not be affected and the illegal, invalid, or unenforceable provision will be deemed not to be a part of the release pursuant to this Section.

Section 4.17 Transition Services. Seller shall ensure that for two (2) months after the Closing Date, at the reasonable request of Purchaser or the Company as may be provided from time to time, Seller and its relevant Affiliates shall provide Purchaser or the Company information technology services as reasonably agreed between Purchaser and Seller, to enable the Company to continue to carry on its business in all material respects in the same manner in which it was carried on terms to be mutually agreed in good faith.

Section 4.18 Restructuring Activities; Purchase Orders.

(a) Restructuring Assets and Activities.

(i) Parent and Seller will use reasonable best efforts to perform, at their own cost and expense (except as specified in clause (ii) below), restructuring activities to transfer certain assets, listed on Schedule 4.18(a), (the "Restructured Assets") to the Company on or prior to the Closing (the "Restructuring Activities"). Neither Parent nor Seller will be required to perform any Restructuring Activities to the extent that it would violate Applicable Law. Parent and Seller will reasonably respond to reasonable questions by Purchaser regarding the status of the Restructuring Activities. Any

executed documents, instruments or certificates (or forms thereof) to implement the Restructuring Activities will be made available to Purchaser reasonably promptly following their completion. For

purposes of this Agreement, the Restructuring Activities will be deemed to be in the ordinary course of business of the Company.

(ii) Notwithstanding the foregoing, promptly but in any event no later than 60 calendar days following the Closing Date, Purchaser will, at Purchaser's cost and expense, prepare for relocation of the Restructured Assets and relocate such Restructured Assets. Subject to the provisions hereof, Parent agrees to cooperate, and agrees to cause its Affiliates to cooperate, with Purchaser and provide Purchaser all assistance reasonably requested by Purchaser in connection with the planning and implementation of the transfer of any Restructured Assets or any portion of any of them to such location as Purchaser will designate. The Restructured Assets will be transported by or on behalf of Purchaser, and until all of the Restructured Assets are removed from Parent's or its Affiliates' facilities, Parent will permit, and will cause its Affiliates to permit, Purchaser and its authorized agents or representatives, upon prior notice, to have reasonable access to such facilities during normal business hours to the extent necessary to disconnect, detach, remove, package and crate the Restructured Assets for transport. Purchaser will be responsible for (A) disconnecting and detaching all fixtures and equipment that are Restructured Assets from the floor, ceiling and walls of Parent's or its Affiliates' facilities so as to be freely removed from such facilities and (B) packaging and loading the Restructured Assets for transporting to and reinstalling the Restructured Assets at such location(s) as Purchaser will determine.

(b) Purchase Orders. Purchaser, Parent and Seller will work together in good faith to transition the commercial arrangements described in Schedule 4.18(b) to Purchaser (or an Affiliate of Purchaser designated by Purchaser, including the Company) post-Closing and, effective as of the Closing, Purchaser shall become the beneficial owner of all amounts due or received thereby in respect of such commercial arrangements, which shall be transferred to Purchaser by Parent, Seller or any Affiliate thereof, as applicable.

Section 4.19 Joint and Several Liability. Anything to the contrary herein notwithstanding, the liability of Seller and Parent, under this Agreement, including for the compliance with any covenants hereunder and/or breach of any representations and/or warranties hereunder, shall be joint and several. The liability of the Purchaser's entities, under this Agreement, shall be joint and several.

Section 4.20 Collaboration. Subject to the terms hereof, during the Pre-Closing Period, the parties agree to collaborate in good faith with the goal to ensure a smooth continuation of the Company's business following the Closing.

Article V CONDITIONS TO CLOSING

Section 5.1 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the Closing are subject to the satisfaction or waiver of each of the following conditions:

(a) Representations, Warranties and Covenants of Parent, Seller and Company. (i) each of Parent, Seller and the Company shall have performed and satisfied in all material respects each of its respective covenants and obligations hereunder required to be performed and satisfied by it on or prior to the Closing Date, (ii) each of the representations and warranties of Parent, Seller and Company set forth in the Fundamental Representations shall have been true and correct in all respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date), (iii) the representations and warranties of Parent, Seller and Company set forth in Section 2.10 (Financial Statements), Section 2.11 (Absence of Change), and Section 2.26 (Suppliers and Customers) shall have been true and correct in all material respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date), and (iv) each of the representations and warranties of Parent, Seller and Company contained herein, other than those set forth above, shall have been true and correct as of the date of this Agreement and at and as of the Closing with the same force and effect as if made as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date), except, in the case of this clause (iv), where the failure to be true and correct would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) FDI Clearance. The transactions contemplated by this Agreement are cleared (for the avoidance of doubt, the issuance of a non-objection certificate shall suffice) or deemed to be cleared under the German FDI Laws (e.g., due to lapse of applicable waiting periods or due to jurisdiction having been declined by the BMWK) or it turns out that the closing of the transactions contemplated by this Agreement is otherwise permissible pursuant to German FDI Laws.

(c) Short Fiscal Year and Termination of DPLTA.

(i) The competent Tax authorities have granted their consent to change the Company's fiscal year and to introduce in the Company the short Fiscal Year.

(ii) a change of the fiscal year of the Company to implement the Short Fiscal Year is registered with the commercial register.

(iii) The DPLTA has been terminated with effect as of the expiry of the Short Fiscal Year.

(d) Board Approval. Parent and Seller have submitted to Purchaser a written confirmation that the respective boards of Parent and Seller have approved the transactions contemplated by this Agreement.

(e) No Restraints. No Law shall have been enacted or exist that would prohibit the transactions contemplated by this Agreement and the other Transaction Documents or the consummation of the Closing. There shall not be any temporary restraining order, preliminary or permanent injunction or other order or consent issued by any court of competent jurisdiction or other restraint or prohibition of any Governmental Entity (i) preventing the consummation of the Share Sale or other transactions contemplated by this Agreement or the other Transaction Documents or (ii) limiting or restricting Purchaser's ownership, conduct or operation of the business of the Company following the Closing. Nor shall there be any threatened (in writing) Action seeking any of the foregoing or any other injunction, restraint, prohibition or material damages in connection with the Share Sale or the other transactions contemplated by this Agreement and the other Transaction Documents.

(f) No Material Adverse Effect. Since the date hereof there shall not have occurred Material Adverse Effect.

(g) Employment and Consulting Arrangements.

(i) None of the Key Employees shall have terminated employment with the Company or shall have terminated or repudiated (or indicated or provided notice of an intent to terminate or repudiate) his or her Employment Arrangement or shall be unable to continue employment under his or her Employment Arrangement upon Closing.

(ii) At least 10 of the employees set forth in Schedule 5.1(h)(ii) are employed by the Company, Purchaser or an Affiliate of Purchaser at Closing; provided, however, to the extent any of the employees set forth on Schedule 5.1(h)(ii) are Offered Employees and did not receive offers in compliance with Section 4.10, such employees will not be included in the calculation of this percentage requirement.

(iii) The Consulting Agreement shall be in full force and effect at the time of the Closing.

(h) Agreements and Documents. Purchaser shall have received the following agreements and documents, each of which shall be in full force and effect:

(i) a certificate duly executed by Seller and containing the representation and warranty of Seller that the conditions set forth in Sections 5.1(a) (as they relate to Seller) have been duly satisfied; and

(ii) letters of resignation and separation letters, in form reasonably satisfactory to Purchaser, duly executed by each managing director or officer of the Company, evidencing the resignation of each such director, managing director and officer (but only from such office, not as employee, unless otherwise required pursuant to the terms of this Agreement), in each case, effective as of the Closing.

(i) Other Documents. Purchaser shall have received the Estimated Closing Statement and the certificate referenced in Section 5.1(h)(i), above, proof of termination of Encumbrances on any assets of the Company satisfactory to Purchaser, and such other documents, agreements, filings, third party consents, assignments and other instruments, in form and substance reasonably satisfactory to Purchaser, as may be required to consummate the Share Sale.

Section 5.2 Conditions to Obligations of Parent and Seller. The obligations of Parent and Seller to consummate the Closing are subject to the satisfaction or waiver of each of the following conditions:

(a) **Representations, Warranties and Covenants of Purchaser.** Except as would not reasonably be expected to prevent consummation of the Share Sale by Purchaser and other transactions contemplated hereby, (i) Purchaser shall have performed and satisfied in all material respects each of its respective covenants and obligations hereunder required to be performed and satisfied by it on or prior to the Closing Date, (ii) each of the representations and warranties of Purchaser set forth in **Section 3.1 (Organization and Qualification)**, **Section 3.2 (Authority)**, and **Section 3.3 (No Conflict; Required Consents and Approvals)** shall have been true and correct in all respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date) and (iii) each of the representations and warranties of Purchaser contained herein, other than those set forth in **subsection (ii)** above, shall have been true and correct as of the date of this Agreement and at and as of the Closing with the same force and effect as if made as of the Closing (except that representations and warranties that are made as of a specified date shall be materially true and correct as of such specified date), except, in the case of clause (iii), where the failure to be true and correct would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) **Certificate.** A certificate duly executed by Purchaser and containing the representation and warranty of Purchaser that the conditions set forth in **Section 5.2(a)** have been duly satisfied;

(c) **Board Approval.** Purchaser has submitted to Parent and Seller a written confirmation the board of Purchaser has approved the transactions contemplated by this Agreement.

(d) **No Restraints.** No Law shall have been enacted or exist that would prohibit the transactions contemplated by this Agreement and the other Transaction Documents or the consummation of the Closing. There shall not be any temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other restraint or prohibition of any Governmental Entity preventing the consummation of the Share Sale or other transactions contemplated by this Agreement.

Article VI

SURVIVAL OF REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS; INDEMNIFICATION

Section 6.1 General Survival.

(a) The covenants and agreements of the Company, Parent, Seller and Purchaser contained in this Agreement shall survive the Closing Date; **provided**, that none of the covenants and agreements of the Company, Parent, Seller and Purchaser contained in this Agreement shall survive beyond the periods set forth in **Section 6.1(b)** below.

(b) The representations, warranties, covenants and agreements of Parent, the Company and of Seller contained in this Agreement shall survive as follows:

(i) the representations and warranties of the parties contained herein and in any certificates delivered pursuant hereto, as the case may be, will terminate and be of no further force or effect at the Closing, except for the Fundamental Representations, which shall survive the Closing and continue in full force and effect six (6) years from the Closing Date (the "**Fundamental Claims Expiration Date**") and provided that nothing in the foregoing shall affect the period for indemnification with respect to fraud as detailed in clause (ii) below;

(ii) notwithstanding anything to the contrary herein, any claim of fraud on the part of Parent, the Company or Seller shall survive until the expiration of the applicable statutes of limitations;

(iii) any claims relating to or arising out of a breach of the covenants and agreements contained in this Agreement that are required to be performed in whole prior to the Closing (the "**Pre-Closing Covenants**") will survive until the date that is twelve (12) months following the Closing Date (the "**Pre-Closing Covenant Expiration Date**") and the covenants and agreements contained in this Agreement that require performance after the Closing (the "**Post-Closing Covenants**") will survive until fully performed or observed in accordance with their terms (the "**Post-Closing Covenant Expiration Date**") and, together with the Pre-Closing Covenant Expiration the "**Covenant Expiration Date**"; and

(iv) if, in accordance with this **Article VI**, (A) any indemnification claims arising from any breach of any representations and warranties set forth in **Section 6.1(b)(i)** above are asserted pursuant to **Section 6.3** prior to the Fundamental Claims Expiration Date, (B) any indemnification claims

arising from any claims of fraud are asserted pursuant to [Section 6.3](#) at any time prior to the expiration of the applicable statute of limitations period or (C) any indemnification claims arising from any breach of any covenant or agreement set forth in [Section 6.1\(b\)\(iii\)](#), asserted pursuant to [Section 6.3](#) prior to the applicable Covenant Expiration Date, such indemnification claims shall continue until the final amount of recoverable Losses are determined by final agreement, settlement, judgment or award binding on Parent and/or Seller and Purchaser in accordance with this [Article VI](#).

Section 6.2 [Indemnification](#).

(a) [Indemnification by Parent and Seller](#). Subject to [Section 6.1](#) and the other provisions of this [Article VI](#), from and after the Closing Date, Parent and Seller shall, jointly and severally, in the manner set forth herein, indemnify and hold harmless Purchaser, the Company and their Affiliates, and their respective Representatives (collectively, the “[Indemnitees](#)”), from and against all Losses resulting from, arising out of, relating to, or imposed upon or incurred by any Indemnitee by reason of (including any Third Party Claim relating thereto):

- (i) any breach of any Fundamental Representation;
- (ii) any breach by Parent, Seller or the Company of a Pre-Closing Covenant;
- (iii) any breach by Parent, Seller or the Company of a Post-Closing Covenant; and
- (iv) any fraud on the part of Parent, Seller or the Company;

(b) [Limitations](#).

(i) No Indemnitee shall be entitled to recover specific Losses for a corresponding Loss that was already included as the same Liability (in all respects) and to the extent such Liability was accurately calculated, depicted and clearly taken into full account in determining the Net Working Capital, Transaction Expenses, Indebtedness clearly taken into account as downward adjustments to the Purchase Price, including with respect to any claim made under this [Article VI](#).

(ii) The amount of any Losses that are subject to indemnification under this [Article VI](#) will be calculated net of the amount of any insurance proceeds, indemnification payments, or reimbursements actually received by the Indemnitee from third parties in respect of such Losses (net of any costs or expenses incurred in obtaining or enforcing such insurance, indemnification, or reimbursement, including any increases in insurance premiums or retro-premium adjustments resulting from such recovery). If an Indemnitee receives any amounts under applicable insurance policies or third party indemnification or reimbursement payments subsequent to its receipt of an indemnification payment by Parent and/or Seller, then such Indemnitee will, without duplication, promptly reimburse Parent and/or Seller for any payment made by Parent and/or Seller up to the aforementioned net amount received by the Indemnitee (or the proportionate amount to each, based on the pro rata allocation of the amounts paid by each in respect of such Loss). Notwithstanding the foregoing, except as required in order to reasonably mitigate losses, in no event shall an Indemnitee be obligated to commence or maintain any litigation or other proceeding against any third party in respect of any such Loss.

(iii) Except for the representations and warranties contained in [Article II](#) and the certificate delivered pursuant to [Section 5.1\(h\)\(i\)](#), Purchaser acknowledges that neither Parent nor Seller has made and will not be deemed to have made (and Purchaser has not relied on and will not rely on) any representation or warranty to Purchaser, express or implied, at Law or in equity.

(iv) Parent and Seller shall not be liable to an Indemnitee for, and no Indemnitee shall be entitled to, any indemnification for a Loss pursuant to [Section 6.2\(a\)\(ii\)](#) and [Section 6.2\(a\)\(iii\)](#) if, with respect to an individual item of Loss (together with any related series or group of related Losses), such item is less than USD \$20,000.

(v) In no event with the aggregate liability of Parent and Seller for any indemnification claim under [Section 6.2\(a\)\(ii\)](#) exceed US \$50,000,000. Except in cases of fraud or Parent's or Seller's (or both) intentional breach of [Section 4.9\(a\)](#) and (b), in no event will the aggregate Liability of Parent and Seller, jointly and severally, for any indemnification claim exceed the Purchase Price actually received by Seller.

(c) [Order of Recovery](#).

(i) Except in the case of the Fundamental Representations, Pre-Closing Covenants, Post-Closing Covenants, and fraud and/or as stipulated under [Section 6.4](#), the Indemnitee's sole and exclusive source of recovery for claims against Seller and its Affiliates under this Agreement will be coverage under the Representation and Warranty Policy. Purchaser expressly waives the right to recover any amount outside of or in excess of the

Representation and Warranty Policy for any Loss arising from any breach of any representations and warranties other than Fundamental Representations, Pre-Closing Covenants, Post-Closing Covenants, and fraud and/or as stipulated under [Section 6.4](#).

(ii) Subject to the limitations in [Section 6.2\(c\)\(i\)](#), the Indemnitee will only be permitted to recover Losses directly from Parent and/or Seller pursuant to claims under [Section 6.2\(a\)](#) if the coverage under the Representation and Warranty Policy has been exhausted, unless such indemnity claim is being made in respect of fraud. The foregoing shall not limit (A) Parent and Seller's obligations under [Section 6.4](#) or (B) Indemnitee's right to seek recovery for any claims under [Section 6.2\(a\)\(i\)](#) simultaneously (x) under the Representation and Warranty Policy and (y) from Parent, provided, however, that Indemnitee will only be entitled to seek recovery from Parent for any amounts in excess of the aggregate amount then recoverable under the Representation and Warranty Policy.

[Section 6.3](#) [Indemnification Procedures](#).

Subject to [Section 4.9\(f\)](#) (with respect only to indemnification for breach of [Section 4.9\(a\)](#) and (b)):

(a) In the event that an Indemnitee seeks a recovery in accordance with the terms of this [Article VI](#) in respect of an indemnification claim, Purchaser (on behalf of such other Indemnitee, if applicable) will deliver a written notice (a "[Claim Notice](#)") to Parent and Seller. Each Claim Notice will, with respect to each indemnification claim set forth therein, (i) specify in reasonable detail and in good faith the nature of the indemnification claim being made, including any amounts that an Indemnitee has paid, incurred, suffered, or sustained, and/or reasonably anticipates that it may pay, incur, suffer, or sustain Losses and (ii) if reasonably practicable under the circumstances, state the aggregate Dollar amount of Losses to which such Indemnitee is entitled to indemnification pursuant to this [Article VI](#) that have been incurred, or a good faith preliminary estimate of the aggregate Dollar amount of such Losses reasonably expected to be incurred, by such Indemnitee pursuant to such indemnification claim (the "[Claim Amount](#)").

(b) If Parent or Seller wishes to object to the allowance of some or all indemnification claims made in a Claim Notice, Parent or Seller, as applicable must deliver a written objection to Purchaser (on behalf of any Indemnitee), within twenty (20) Business Days after receipt by Parent and Seller of such Claim Notice expressing such objection and explaining in reasonable detail and in good faith the basis therefor. Following receipt by Purchaser of Parent's or Seller's written objection, if any, Purchaser (on behalf of any other Indemnitee, if applicable), and Parent or Seller, as applicable, will promptly, and within ten (10) Business Days, meet in order to agree on the rights of the respective parties with respect to each indemnification claim that is the subject of such written objection. If the parties should so agree, (i) a memorandum setting forth such agreement will be prepared and executed by Purchaser (on behalf of any other Indemnitee, if applicable), and Parent

or Seller, as applicable, shall as promptly as practicable and within five (5) Business Days following the execution of such memorandum, in accordance with [Section 6.3\(c\)](#) below, pay the agreed amount to Purchaser. In the event that the parties do not prepare and sign such a memorandum or such memorandum does not address in full the written objections timely delivered, within twenty (20) Business Days of receipt by Purchaser (on behalf of any other Indemnitee, if applicable), from Parent or Seller of the written objection, or in the event that such written objection was not provided by Parent or Seller within the abovementioned twenty (20) Business Days timeframe, then Purchaser or Parent or Seller, as applicable, may commence an Action to resolve such dispute and enforce its rights with respect thereto in any court available therefor.

(c) Any amount payable by Parent and/or Seller to Purchaser pursuant to [Section 6.3\(b\)](#), above will be paid promptly (but in no event later than five (5) Business Days after the applicable payment obligation accrues) by wire transfer of Dollars in immediately available funds to such account or accounts as may be designated in writing by Purchaser. Any amounts paid to Purchaser, in respect of any indemnification claim asserted on behalf of an Indemnitee other than Purchaser will be received by Purchaser on behalf of such other Indemnitee.

(d) [Third Party Actions](#). In the event Purchaser becomes aware of a third party claim (a "[Third Party Claim](#)") which Purchaser in good faith believes will result in an indemnification claim pursuant to this [Article VI](#), Purchaser shall notify Parent and Seller of such Third Party Claim by providing a Claim Notice which will be accompanied by copies of any documentation submitted by the third party making such Third Party Claim, if any. Parent and Seller shall be entitled on its expense, to participate in, but not to determine or conduct, the defense of such Third Party Claim. The failure to so notify Parent and Seller shall not relieve Parent and/or Seller of any Liability except to the extent Parent and/or Seller (as applicable) demonstrates that Parent's and/or Seller's defense of such action is materially prejudiced thereby. Purchaser shall have the right in its sole discretion to conduct the defense of, and to settle, any Third Party Claim; provided, however, that, if Purchaser settles any such Third Party Claim without the consent of Parent and Seller (which shall not be unreasonably withheld or delayed), then Purchaser shall be entitled to seek indemnification hereunder, however such settlement shall not represent the amount of such Losses indemnifiable hereunder, provided further however that, if Purchaser seeks prior written consent of Parent and Seller to settlement and Parent or Seller shall not have objected within 20 Business Days after such written request (or upon any such written consent by Parent), then such lack of objection (or such consent) shall represent the agreement

of Parent and Seller that the Losses incurred in connection therewith shall be indemnifiable hereunder and, for the avoidance of doubt, represent the amount of such Losses.

Section 6.4 Representation and Warranty Policy Related Matters. Anything to the contrary herein notwithstanding, Parent (on behalf of itself and Seller) shall pay to Purchaser an amount in cash equal to thirty percent (30%) of any Losses incurred by any of the Indemnitees, as, when and if such amounts are incurred that are subject to the applicable deductible or retention prescribed by the terms of the Representation and Warranty Policy, regardless of whether such Losses are subject to indemnification pursuant to this Article VI, to the extent that either (i) actually paid by Indemnitee as a deductible or retention pursuant to the Representation and Warranty Policy; (ii) the insurer under the Representation and Warranty Policy has determined or acknowledged in writing, including in the settlement or resolution of any disputed claim or Losses, that such Losses are or would be credited against the remaining balance of the deductible or retention prescribed by the terms of the Representation and Warranty Policy, or (iii) it is otherwise finally determined by a court of competent jurisdiction or pursuant to any dispute resolution mechanism included or incorporated into the Representation and Warranty Policy, that such Losses are or would be credited against the remaining balance of the deductible or retention prescribed by the terms of the Representation and Warranty Policy; provided, that Parent's aggregate liability under this Section 6.4 will be limited to US\$ 225,000; provided further, Purchaser's ability to recover from Parent under this Section 6.4 will be further limited to (x) US\$ 225,000 commencing on the Closing Date and expiring on the first anniversary of the Closing Date and (y) US\$ 120,000 during the period commencing on the first anniversary of the Closing Date and expiring on the second anniversary of the Closing Date. Examples for illustration purposes only of such payments are attached hereto as Schedule 6.4.

Section 6.5 Exclusive Remedy. This Article VI shall be the sole and exclusive remedy of the Indemnitees from and after the Closing Date for any claims arising under this Agreement, including claims of inaccuracy in or breach of any representation, warranty, covenant or agreement; provided, however, that the foregoing clause of this Section 6.5 shall not be deemed a waiver by any party of any right to injunctive relief or specific performance pursuant to this Agreement (including, for the removal of doubt, all remedies under Section 4.9(e) and Section 8.6(f)) or under equitable Law or any

other equitable remedy, or any right or remedy arising by reason of any claim of fraud committed by a party with respect to this Agreement.

Section 6.6 Tax Treatment of Indemnity Payments and Certain Other Payments. Parent, Seller, Purchaser, and the Company agree to treat any indemnity payment made pursuant to this Article VI and any payment made pursuant to Section 4.12(a), as an adjustment to the Purchase Price for all income tax purposes, except as required by Applicable Law.

Article VII TERMINATION

Section 7.1 Termination. At any time prior to the Closing, this Agreement may be terminated and the Share Sale abandoned:

- (a) by mutual written consent of Purchaser and Seller;
- (b) by either Purchaser or Seller, if the Share Sale shall not have been consummated on or before January 31, 2024 or such other date that Purchaser and Seller may agree upon in writing (the "Termination Date"); provided, however, that the right to terminate this Agreement under this Section 7.1(b) shall not be available to Seller if a breach of this Agreement by the Company or Seller has resulted in the failure of the Share Sale to be consummated before the Termination Date; and provided, further, that the right to terminate this Agreement under this Section 7.1(b) shall not be available to Purchaser if a breach of this Agreement by Purchaser has resulted in the failure of the Share Sale to be consummated before the Termination Date.
- (c) by either Purchaser or Seller, if any Law preventing the consummation of the Share Sale shall have become final and non-appealable;
- (d) by Purchaser if it is not in material breach of its obligations under this Agreement and there has been a breach of any representation, warranty, covenant, or agreement of Seller contained in this Agreement such that the conditions set forth in Section 5.1(a) would not be satisfied as of the time of such breach or inaccuracy and such breach or inaccuracy has not been cured or cannot be cured upon the earlier of (i) thirty (30) calendar days after written notice thereof to Seller or (ii) the Termination Date;
- (e) by Seller if it is not in material breach of its obligations under this Agreement and there has been a breach of any representation, warranty, covenant, or agreement of Purchaser contained in this Agreement such that the conditions set forth in Section 5.2(a) would not be satisfied as of the time of such breach or inaccuracy and such breach or inaccuracy has not been cured or cannot be cured upon the earlier of (i) thirty (30) calendar days after written notice thereof to Purchaser or (ii) the Termination Date; or
- (f) by Purchaser, if between the date hereof and the Closing, there has been a Material Adverse Effect.

The party seeking to terminate this Agreement pursuant to this Section 7.1 (other than Section 7.1(a)) shall give written notice of such termination to the other party.

Section 7.2 Effect of Termination. In the event of termination of this Agreement as set forth in Section 7.1, this Agreement shall forthwith become void and there shall be no Liability or obligation on the part of Purchaser, the Company or their respective officers, director, managing directors, shareholders, Affiliates or Representatives; provided, however, that (A) the provisions of this Section 7.2, Section 4.6, Section 4.7 and Article VIII shall remain in full force and effect and survive any termination of this Agreement and (B) nothing herein shall relieve any party hereto from Liability in connection with any breach of such party's representations, warranties or covenants contained herein.

Article VIII

MISCELLANEOUS

Section 8.1 Entire Agreement; Assignment; Successors. This Agreement and the other Transaction Documents (A) constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof and supersede all other prior and contemporaneous agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof

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and (B) may not be assigned by operation of Law or otherwise; provided, however, that Purchaser may assign any or all of its rights and obligations under this Agreement to any Affiliate of Purchaser, but no such assignment shall relieve Purchaser of its obligations hereunder if such assignee does not perform such obligations. Any purported assignment of this Agreement in contravention of this Section 8.1 shall be null and void and of no force or effect. Subject to the preceding sentences of this Section 8.1, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of any other Transaction Document, the terms of this Agreement shall govern.

Section 8.2 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect, so long as the economic or legal substance of the transaction contemplated by this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible, in a mutually acceptable manner, in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

Section 8.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (A) on the date of delivery if delivered personally, (B) on the first (1st) Business Day following the date of dispatch if delivered utilizing a next-day service by a nationally recognized next-day courier (or in the case of any recipients sending or receiving notices outside of the United States, then on the second (2nd) Business Day following the date of dispatch) or (C) on the date of delivery if sent by e-mail (with the written notice attached as scanned copy). All notices and other communications hereunder shall be delivered to the addresses set forth below:

- (a) if to Purchaser, or the Company after the Closing:

Camtek Ltd.
Attn.: Moshe Eisenberg
Ramat Gavriel Ind. Zone
P.O.Box 544 Migdal Ha'emek 2309407
Israel

with a copy to (which copy shall not constitute notice):

Shibolet & Co., Law Firm
Attn.: Lior Aviram and Vica Schreiber
4 Yitzchak Sade, Tel Aviv
Israel

- (b) if to the Company (prior to Closing), Parent or Seller:

FormFactor, Inc.
7005 Southfront Road
Livermore, CA 94551
Attn: Shai Shahar
Email: [***]

with a copy to (which copy shall not constitute notice):

Orrick Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, CA 94105
Attn: Ramy Shweiky; Christoph Rödter;
Email: rshweiky@orrick.com; croedter@orrick.com

or to such other address as the Person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

Section 8.4 German Terms. Where a German term has been added in parenthesis after an English term, only the meaning of such German term under the substantive laws of the Federal Republic of Germany taking into account the context in which such German terms are used in this Agreement shall be decisive for the interpretation of such English term whenever such English term is used in this Agreement.

Section 8.5 Governing Law. This Agreement shall be deemed to be made and in all respects be interpreted, construed and governed by and in accordance with the Laws of the State of New York without regard to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of New York.

Section 8.6 Arbitration. Any dispute, controversy or claim arising out of, relating to or in connection with this Agreement, including any question regarding its existence, validity or termination, or regarding a breach of this Agreement, shall, subject to [Section 4.9\(f\)](#) and [Section 8.6\(f\)](#), be referred to and settled by arbitration under and in accordance with the Rules of Arbitration of the International Chamber of Commerce (the "ICC Rules"), as amended and in effect on the date that demand for arbitration is filed as set forth in [Section 8.6\(a\)](#). Subject to [Section 4.9\(f\)](#) and [Section 8.6\(f\)](#), each party hereto consents to such arbitration as the sole and exclusive method of resolving any such dispute.

(a) To initiate arbitration, any party shall submit its notice of arbitration to the International Court of Arbitration and to all other parties. The arbitration proceeding will take place in Paris and will be conducted in the English language. The arbitration panel will consist of three (3) arbitrators, all of whom (including the chairperson) shall be appointed by the International Court of Arbitration pursuant to the ICC Rules. The expenses of the arbitration shall be borne as determined by the arbitral tribunal. The award of the arbitral tribunal shall be final and binding on the parties thereto, including any joined or intervening party, who hereby agree to undertake it without recourse to any judicial proceedings in any jurisdiction whatsoever seeking annulment, setting aside, modification or any diminution or impairment of its terms or effect.

(b) Judgment upon any arbitral award rendered may be entered and a confirmation order sought in any court having jurisdiction thereof. Each party hereby consents to process being served in any such proceeding by the mailing of a copy thereof by registered or certified mail, postage prepaid, to its address specified in [Section 8.3](#) or in any other manner permitted by Law. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUCH ACTION OR PROCEEDING.

(c) Any respondent named in a notice of arbitration or counterclaim or cross claim hereunder may join any other party to any arbitral proceedings hereunder; provided that (i) such joinder is based upon a dispute, controversy or claim substantially related to the dispute, controversy or claim in the relevant notice of arbitration or counterclaim or cross claim, and (ii) such joinder is made by written notice to the ICC and to all other parties within either twenty (20) Business Days from the receipt by such respondent of the relevant notice of arbitration or counterclaim or cross claim or such longer time as may be determined by the ICC or the arbitrators.

(d) Any party may intervene in any arbitral proceedings hereunder; provided that (i) such intervention is based upon a dispute, controversy or claim substantially related to the dispute, controversy or claim in the relevant notice of arbitration or counterclaim or cross claim and such intervention is accepted by the arbitral tribunal or if the arbitral tribunal has not been appointed, by the ICC, and (ii) such intervention is made by written notice to the arbitral tribunal (if appointed), the ICC and to all other parties within either twenty (20) Business Days from the receipt by such party of the relevant notice of arbitration or counterclaim or cross claim or such longer time as may be determined by the ICC or the arbitrators.

(e) Any joined or intervening party may make a counterclaim or cross claim against any party; provided that (A) such counterclaim or cross claim is based upon a dispute, controversy or claim substantially related to the dispute, controversy or claim in the relevant notice of arbitration or counterclaim or cross claim, and (B) such counterclaim or cross claim is made by written notice to the arbitral tribunal (if appointed), the ICC and to all other parties within either thirty (30)

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days from the receipt by such party of the relevant notice of arbitration or counterclaim or such longer time as may be determined by the ICC or the arbitrators.

(f) Notwithstanding the forgoing but subject to Section 4.9(f), the parties hereto hereby acknowledge and agree that each party is entitled to an injunction or injunctions to enforce specifically the terms and provisions hereof and may apply to any court having jurisdiction for such injunctive relief, including, but not limited to temporary restraining orders or preliminary injunctions, in addition to any remedy to which the parties may be entitled in any arbitration proceeding or in equity.

Section 8.7 Interpretation; Article and Section References. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. All references in this Agreement to Articles, Sections, Subsections, Annexes, Exhibits and Schedules are references to Articles, Sections, Subsections, Exhibits and Schedules, respectively, in and to this Agreement, unless otherwise specified. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. The words "include" or "including" mean "include, without limitation" or "including, without limitation," as the case may be, and the language following "include" or "including" shall not be deemed to set forth an exhaustive list. Any capitalized terms used in any Annex, Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Annexes, Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The English language is the official language of this Agreement and such text of the Agreement shall prevail over any translation thereof.

Section 8.8 No Third-Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and its successors and permitted assigns and nothing in this Agreement is intended to or shall confer upon any other Person any legal or equitable rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

Section 8.9 Amendment and Modification. This Agreement may be amended, modified or supplemented by the parties at any time by execution of an instrument in writing signed on behalf of all of the parties hereto.

Section 8.10 Fees and Expenses. Except as otherwise set forth herein, each of the Company, Parent, Seller and Purchaser will bear its own, and its respective legal, auditors', financial advisors', and other representatives' fees and other expenses in connection with or related to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby. Notwithstanding the foregoing and for the avoidance of doubt, (i) the notary fees related to the public deed to be executed at Closing pursuant to Section 1.3(b) shall be borne by Purchaser and (ii) all Closing Transaction Expenses shall be deducted from the Purchase Price as set forth in Section 1.4.

Section 8.11 Waivers. No failure or delay of a party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have hereunder. Any agreement on the part of any party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by such party.

Section 8.12 No Presumption Against Drafting Party. The parties agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any Law or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

Section 8.13 Materials Made Available. The parties agree that the words "Made Available" or words of similar import mean that, on or before 8:00 a.m. Central European Time on the second (2nd) Business Day immediately preceding the date of this Agreement, the Company has posted complete and correct copies of such materials to the Data Room and that Purchaser and its Representatives had continuous access to such materials in the Data Room during the two (2) Business Days prior to the date of this Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Share Purchase Agreement on the date first above written.

Camtek IL:

CAMTEK Ltd.

By: /s/ Rafi Amit

Name: Rafi Amit

Title: CEO

Camtek GER:

Citrus 49. GmbH

By: /s/ Rafi Amit

Name: Rafi Amit

Title: Managing Director

[Signature Page to Share Repurchase Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Share Purchase Agreement on the date first above written.

Seller:

FormFactor GmbH

By: /s/ Jens Klattenhoff

Name: Jens Klattenhoff

Title: Managing Director

Parent:

FormFactor, Inc.

By: /s/ Mike Slessor

Name: Mike Slessor

Title: Chief Executive Officer

Company:

FRT GmbH

By: /s/ Thomas Fries

Name: Thomas Fries

Title: Managing Director

ANNEX A

CERTAIN DEFINITIONS

For the purposes of this Agreement the following capitalized terms shall have the meanings set forth below (which shall apply equally to both the singular and plural forms of such terms):

“Accounting Firm” has the meaning set forth in [Section 1.7\(d\)](#).

“Accounts Receivables” means accounts receivable, bills receivable, trade accounts, accrued but un-invoiced accounts receivable, refunds and rebates receivable, security, claim, less allowance for doubtful accounts determined on a consistent basis, all in accordance with US GAAP.

“Acquisition Proposal” means, with respect to the Company, any agreement, offer, proposal or bona fide indication of interest (other than this Agreement or any other offer, proposal or indication of interest by Purchaser), or any public announcement of intention to enter into any such agreement or of (or intention to make) any offer, proposal or bona fide indication of interest, relating to, or involving: (i) any acquisition or purchase from the Company, or from Seller or Parent, by any Person or group (as such term’s meaning set forth in Section 13(D) of the Securities Exchange Act of 1934, as amended, the rules and regulations thereunder and related case law) of any securities of the Company or any merger, consolidation, business combination or similar transaction involving the Company; (ii) any sale, lease, mortgage, pledge, exchange, transfer, license (other than in the ordinary course of business consistent with past practice), acquisition, or disposition of the assets of the Company in any single transaction or series of related transactions, other than in the ordinary course of business consistent with past practice; or (iii) any liquidation, dissolution, recapitalization or other significant corporate reorganization of the Company, or any extraordinary dividend, whether of cash or other property.

“Action” means any claim, action, cause of action, suit, litigation, demand, tender of indemnity, inquiry, proceeding, audit or investigation, including by or before any Governmental Entity, or any other arbitration, mediation or similar proceeding of any nature, whether civil, criminal, administrative, regulatory or otherwise.

“Additional Employees” means any of the employees listed on [Exhibit H](#) who are not Company Employees but shall transfer to Purchaser (or an Affiliate of Purchaser, including the Company) pursuant to the agreement between the Parties effective as of the Closing Date.

“Affiliate” means, with respect to any Person, a Person that, directly or indirectly, through one or more intermediaries controls, is controlled by or is under common control with the first-mentioned Person. For the purposes of this definition, “control,” including the terms “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by Contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person, provided, however, that with respect to Parent, Seller or Purchaser, “Affiliate” shall only mean Parent and the Camtek IL (respectively) and any entity controlled by Parent and the Camtek IL (respectively).

“Agreement” has the meaning set forth in the Preamble.

“Applicable Anti-Corruption Laws” has the meaning set forth in [Section 2.24\(a\)](#).

“Applicable Law” means, with respect to any Person, any Law existing as of the date hereof or as of the Closing applicable to such Person or any of its respective properties, assets, managing directors, officers, directors, employees, consultants or agents.

“Automatic Transfer Employee” means those Additional Employees who will become employed by Purchaser or one of its Affiliates as of the Closing Date as a result of local employment Laws, including applicable Transfer Regulations, that provide for an automatic transfer by operation of Law of the employment of any such Additional Employees upon the transfer of the Company as a going concern pursuant to the transactions contemplated by this Agreement.

“Balance Sheet” has the meaning set forth in [Section 2.11](#).

“Benefits” has the meaning set forth in [Section 2.13\(a\)\(i\)](#).

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"Business" has the meaning set forth in [Section 4.9\(a\)\(i\)](#).

"Business Day" means a day, other than a Saturday or Sunday, on which banks are open for business in San Francisco (California), Tel Aviv (Israel) and Cologne (Germany).

"Business Employees" mean, together, the Company Employees and the Additional Employees.

"Carve-Out Employees" means the Company Employees that are listed in [Exhibit I](#).

"Cash" means all cash held by the Company.

"Claim Amount" has the meaning set forth in [Section 6.3\(a\)](#).

"Claim Notice" has the meaning set forth in [Section 6.3\(a\)](#).

"Closing" has the meaning the forth in [Section 1.3\(a\)](#).

"Closing Cash" means Cash as of the Closing Date.

"Closing Date" has the meaning the forth in [Section 1.3\(a\)](#).

"Closing Indebtedness" means Indebtedness as of the Closing Date.

"Closing Net Working Capital" means Net Working Capital as of the Closing Date.

"Closing Net Working Capital Adjustment" means, (i) if the Closing Net Working Capital is an amount between the Target Working Capital Bottom Collar and the Target Working Capital Top Collar, US\$ 0, (ii) if the Closing Net Working Capital is an amount equal to or greater than the Target Working Capital Top Collar, an amount equal to Closing Net Working Capital *minus* Target Working Capital, or (iii) if the Closing Net Working Capital is an amount equal to or less than the Target Working Capital Bottom Collar, an amount equal to Closing Net Working Capital *minus* Target Working Capital.

"Closing Transaction Expenses" means the Transaction Expenses as of the Closing Date.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Company" has the meaning set forth in the Preamble.

"Company Core Software Assets" means Software that the Company licenses to users or to which the Company provides users access, or that the Company uses, in part or in whole, as a platform to provide services to users, and all Software tools used by the Company to develop, distribute or make available, maintain and enhance, any of the foregoing.

"Company Operating Plan" has the meaning set forth in [Section 2.10\(d\)](#).

"Company Releasees" has the meaning set forth in [Section 4.16\(a\)](#).

"Company Employee" means each individual who is directly employed by the Company at the date hereof or who becomes directly employed by the Company until the Closing Date within the ordinary course of business, with the exclusion of any Additional Employee.

"Company Employee Contracts" has the meaning set forth in [Section 2.14\(b\)](#).

"Company Forecast" means the Company's 2023 updated forecast, dated August 22, 2023.

"Company Intellectual Property Rights" has the meaning set forth in [Section 2.17\(a\)\(iv\)](#).

"Company Permits" has the meaning set forth in [Section 2.9\(b\)](#).

"Company Privacy Policy" means each written information security plan, and each published or internal, past or present privacy policy of the Company, including any policy or practice relating to: (A) the privacy of users of any website of the Company; (B) the collection, storage, disclosure and transfer of any User Data or Personal Data; and (C) any employee information.

"Company Products" means all products and services (including manufacturing and design services) manufactured, designed, developed, distributed, hosted, sold, marketed, licensed, supplied,

or otherwise provided or offered to actual or potential customers or currently supported by the Company, by or for the Company (including all models, versions and releases thereof, whether already distributed or provided, under development, planned or conceived, or otherwise), together with any related documentation, materials, or information, including the Company Core Software Assets.

"Company Software" means Software that is (or that the Company purports is) owned in whole or in part by or exclusively licensed in whole or part to the Company.

"Confidentiality Agreement" means the Non-Disclosure Agreement, dated February 5, 2023, between the parties.

"Confidential Information" has the meaning set forth in the Confidentiality Agreement.

"Continuing Contractors" has the meaning set forth in [Section 4.10\(g\)](#).

"Consulting Agreement" has the meaning assigned in the preamble of this Agreement.

"Contract" means any contract, agreement, instrument, option, lease, license, sales and purchase order, warranty, note, bond, mortgage, indenture, obligation, commitment, binding application, and all other agreements commitments, arrangement or understanding, whether written or oral, express or implied, in each case as amended and supplemented from time to time.

"Copyrights" means any U.S. and non-U.S. copyrights and rights in mask works (including any registrations and applications therefor and whether registered or unregistered), database rights, moral rights, neighboring rights and similar intellectual property rights, including any of the foregoing that may vest in any design or other Trademark, and all other rights with respect to Works of Authorship, and all registrations thereof and applications for registration thereof.

"Covenant Expiration Date" has the meaning set forth in [Section 6.1\(b\)\(iii\)](#).

"Cure Period" has the meaning set forth in [Section 4.9\(f\)\(ii\)](#).

"Data Protection Laws" means all Applicable Laws, third party contractual terms and Company Privacy Policies relating to privacy, data protection and data security, including with respect to the collection, storage, transmission, transfer (including cross-border transfers), disclosure and use of User Data and Personal Data.

"Data Room" means the virtual data room hosted by iDeals from June 5, 2023 to September 16, 2023.

"Deferred Revenue" means all deferred revenue, unearned revenue and all amounts received or invoiced in advance of performance under contracts, or otherwise received for goods or services not yet provided, and not yet recognized as revenue.

"Designated Account" has the meaning set forth in [Exhibit D](#).

"Disclosure Schedule" has the meaning set forth in the introduction of [Article II](#).

"DPLTA Financial Statement" has the meaning set forth in [Section 4.4\(d\)](#).

"DPLTA Seller Claim" has the meaning set forth in [Section 4.4\(d\)](#).

"DPLTA Seller Liability" has the meaning set forth in [Section 4.4\(d\)](#).

"DPLTA Termination Date" has the meaning set forth in [Section 4.4\(b\)](#).

"Dollars" means the lawful currency of the United States of America, and all references to monetary amounts herein shall be in Dollars unless otherwise specified herein.

"Economic Sanctions" means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted, or enforced by any Sanctions Authority.

"Employee Contract Templates" has the meaning set forth in [Section 2.14\(b\)](#).

"Employee Plans" has the meaning set forth in [Section 2.13\(a\)](#).

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“Employment Arrangements” has the meaning set forth in the Recitals.

“Encumbrance” means any charge, claim, limitation, condition, equitable interest, mortgage, lien, option (including any right to acquire, right of pre-emption or conversion), pledge, hypothecation, license, security interest, title retention, easement, encroachment, right of first refusal or negotiation, adverse claim or restriction of any kind, including any restriction on or transfer or other assignment, as security or otherwise, of or relating to use, quiet enjoyment, voting, transfer, receipt of income or exercise of any other attribute of ownership, or any agreement to create any of the foregoing; **provided, however,** that the term **“Encumbrance”** shall not include (i) statutory liens for Taxes that are not yet due and payable or are being contested in good faith by any appropriate proceedings and for which adequate reserves have been established on the Company Balance Sheet in accordance with US GAAP, (ii) statutory or common law liens in favor of carriers, warehousemen, mechanics and materialmen, to secure claims for labor, materials or supplies and other like liens (all such Encumbrances, **“Permitted Encumbrances”**).

“Environmental Law” means any Applicable Laws relating to (i) releases or threatened releases of Hazardous Substances or materials containing Hazardous Substances; (ii) the manufacture, handling, transport, use, treatment, storage or disposal of Hazardous Substances or materials containing Hazardous Substances; (iii) pollution or protection of the environment, health, safety or natural resources; or (iv) disposal or recycling of Company Products.

“Environmental Permits” has the meaning set forth in **Section 2.16(b)**.

“Equity Incentives” has the meaning set forth in **Section 4.10(f)**.

“Estimated Closing Cash” has the meaning set forth in **Section 1.5(a)**.

“Estimated Closing Indebtedness” has the meaning set forth in **Section 1.5(a)**.

“Estimated Closing Net Working Capital” has the meaning set forth in **Section 1.5(a)**.

“Estimated Closing Net Working Capital Adjustment” means, (i) if the Estimated Closing Net Working Capital is an amount between the Target Working Capital Bottom Collar and the Target Working Capital Top Collar, US\$ 0, (ii) if the Estimated Closing Net Working Capital is an amount equal to or greater than the Target Working Capital Top Collar, an amount equal to Estimated Closing Net Working Capital minus Target Working Capital, or (iii) if the Estimated Closing Net Working Capital is an amount equal to or less than the Target Working Capital Bottom Collar, an amount equal to Estimated Closing Net Working Capital minus Target Working Capital.

“Estimated Purchase Price” has the meaning set forth in **Section 1.4**.

“Estimated Transaction Expenses” has the meaning set forth in **Section 1.5(a)**.

“Excluded Employees” has the meaning set forth in **Section 4.10(a)**.

“Export Control Laws” means (i) all U.S. import and export Laws (including those Laws under the authority of U.S. Departments of Commerce (Bureau of Industry and Security) codified at 15 CFR, Parts 700-799; Homeland Security (Customs and Border Protection) codified at 19 CFR, Parts 1-199; State (Directorate of Defense Trade Controls) codified at 22 CFR, Parts 103, 120-130; and Treasury (Office of Foreign Assets Control) codified at 31 CFR, Parts 500-599) and (ii) all comparable Applicable Laws outside the United States.

“Financial Statements” has the meaning set forth in **Section 2.10**.

“Fundamental Claims Expiration Date” has the meaning set forth in **Section 6.1(b)(i)**.

“fraud” means common law fraud under New York law in the making of a specific representation or warranty expressly set forth in this Agreement.

“Fundamental Representations” mean, collectively, **Section 2.1 (Ownership of the Shares)**, **Section 2.2 (Authority)**, **Section 2.3 (Organization and Qualification)**, **Section 2.6 (Insolvency)**, **Section 2.8 (Capitalization)**, and **Section 2.27 (Brokers)**.

“German Transfer Deed” has the meaning set forth in **Section 1.3(b)(iii)**.

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“GmbHG” means the German Act on Companies with Limited Liability (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*).

“Government Contract” means (i) any Contract of the Company or pursuant to which its properties or assets are bound to which any Governmental Entity is party or is otherwise bound and (ii) any Contract pursuant to which the Company participates in any program involving a Governmental Entity or is entitled to any

right or benefit (including Tax subsidies) provided by any Governmental Entity.

“Government Officials” has the meaning set forth in [Section 2.24\(b\)](#).

“Governmental Entity” means any federal, national, supranational, state, provincial, local or similar government, governmental, regulatory, administrative or quasi-governmental authority, branch, office agency, commission or other body, or any court, tribunal, or arbitral or judicial body (including any grand jury), whether domestic or foreign.

“Governmental Order” means any executive order, injunction, judgment, decree, writ, order or other requirement issued by any Governmental Entity, or pursuant to any binding arbitration, mediation or similar proceeding.

“Hazardous Substances” means (i) those substances defined in or regulated under the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Water Act, the Safe Drinking Water Act, the Atomic Energy Act, the Federal Insecticide, Fungicide, and Rodenticide Act and the Clean Air Act, and their state counterparts, as each may be amended from time to time, and all regulations thereunder; (ii) petroleum and petroleum products, including crude oil and any fractions thereof; (iii) natural gas, synthetic gas, and any mixtures thereof; (iv) polychlorinated biphenyls, asbestos and radon; (v) any other pollutant or contaminant; and (vi) any substance, material or waste regulated by any Governmental Entity pursuant to any Environmental Law.

“HMT” means Her Majesty’s Treasury.

“ICC Rules” has the meaning set forth in [Section 8.6](#).

“Inbound License Agreement” means any agreement granting to the Company any license or other right in, any right to use or otherwise practice or exploit, or any covenant not to sue for infringement or misappropriation of, any Intellectual Property Right or Technology.

“Indebtedness” means the sum of the following: (i) indebtedness of the Company for borrowed money, including convertible debt; (ii) obligations of the Company evidenced by bonds, debentures, notes or other similar instruments; (iii) obligations of the Company in respect of letters of credit or other similar instruments (or reimbursement agreements in respect thereof) or banker’s acceptances; (iv) any acceleration, termination fees, pre-payment fees, balloons or similar payments on any of the foregoing; (v) liabilities and provisions for Taxes; (vi) all accrued interest on any of the foregoing; (vii) all obligations in respect of Deferred Revenue, (viii) all intercompany payables for distributions declared but not paid in accordance with pooling arrangement and any tax amounts which arises or is incurred in respect of such payment or declaration prior to Closing (ix) “change of control” bonuses, retention bonuses and any earn-out or other deferred payments owed as a result of the Transaction; and (x) all obligations to pay severance or termination pay or benefits (and any related Taxes payable by the Company) relating to the termination of employment or service of any employee, director or independent contractor of the Company occurring prior to the Closing. Notwithstanding the foregoing, “Indebtedness” shall not include (y) Transaction Expenses, or (z) except as provided in clause (v) of this sentence, accounts payable not yet due, trade payables and similar liabilities or accruals that do not represent indebtedness for borrowed money and are incurred in the ordinary course of business consistent with past practice.

“Indemnitees” has the meaning set forth in [Section 6.2\(a\)](#).

“Insurance Policies” means insurance policies held by the Company.

“Intellectual Property Rights” means any and all rights (anywhere in the world, whether statutory, common law or otherwise) relating to, arising from, or associated with intellectual property or industrial property, including (i) Patents; (ii) Copyrights; (iii) Technology; (iv) other rights with respect to Software, including registrations thereof and applications therefor; (v) industrial design rights and registrations thereof and applications therefor; (vi) rights with respect to Trademarks, and

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all registrations thereof and applications therefor; (vii) rights with respect to Domain Names, including registrations thereof and applications therefor; (viii) rights with respect to Trade Secrets, including rights to limit the use or disclosure thereof by any Person; (ix) rights with respect to Databases, including registrations thereof and applications therefor; (x) publicity and privacy rights, including all rights with respect to use of a Person’s name, signature, likeness, image, photograph, voice, identity, personality, and biographical and personal information and materials; and (xi) any rights equivalent or similar to any of the foregoing.

“Intercompany Receivables” means accounts receivables billed by the Company or by Parent or their Affiliates on behalf of the Company, which are outstanding all in accordance with US GAAP.

“Interim Financial Statements” has the meaning set forth in [Section 2.10](#).

"Inventory" means raw materials, semi-finished and finished goods inventory, all spare parts held in third party or related party warehouses, less provision for obsolescence determined on a consistent basis, all in accordance with US GAAP.

"Israeli Sanctions" means economic or financial sanctions, restrictive measures, trade embargoes or sanctions-related export control laws imposed, administered or enforced from time to time by any Israeli sanctions authority, including the Israeli Ministry of Finance and the Israeli Ministry of Defense.

"Key Employees" has the meaning set forth in the Recitals.

"Labor and Employment Laws" means all Applicable Laws regarding labor and employment, including those related to employment practices, classification of employees, terms and conditions of employment, wages and hours, leaves of absence, collective bargaining, equal opportunity, occupational health and safety, workers' compensation, immigration, individual and collective consultation, notice of termination and redundancy and the payment of social security and other Taxes, in each case.

"Law" means any statute, law, treaty, ordinance, regulation, directive, rule, code, executive order, injunction, judgment, decree, writ, order or other requirement, including any successor provisions thereof, of any Governmental Entity.

"Leased Real Property" means all Real Property leased, subleased or licensed to the Company or which the Company otherwise has a right or option to use or occupy.

"Liability" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise and whether or not the same is required to be accrued on the financial statements of such Person.

"Losses" means, solely to the extent reasonably foreseeable, any and all deficiencies, judgments, settlements, Actions, assessments, Liabilities, Taxes, losses, damages, interest, fines, penalties, costs, expenses (including legal, accounting and other costs and expenses of professionals), any of the foregoing or matters arising out of or relating to the foregoing, and in seeking indemnification therefor and interest on any of the foregoing from the date incurred until paid at the prime rate published from time to time by the *Wall Street Journal*.

"Made Available" has the meaning set forth in [Section 8.13](#).

"Material Adverse Effect" means any event, circumstance, occurrence, change, effect or fact (each, an **"Effect"**) that, individually or in the aggregate, results in or would reasonably be expected to result in, a material adverse effect on or a material adverse change in the business, Liabilities, properties, assets, condition (financial or otherwise), operations or results of operations of the Company; provided, however, that the following will not be taken into account in determining whether there has been a Material Adverse Effect: (i) any Effect demonstrated by the Company to be directly caused by actions expressly required to be taken (or omitted to be taken) under this Agreement (to which the Company fully complies and within the limits of the specific terms thereunder) and, in all respects, in mere compliance thereof; (ii) any Effect that has persisted before (unless stipulated otherwise hereinafter) or will occur after the date hereof following or resulting from geopolitical conditions, any outbreak or escalation of war (including Russia's war against Ukraine) or major hostilities or any act of sabotage or terrorism or natural or man-made disasters or other force

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majeure events (including pandemics); (iii) changes generally affecting the U.S. or global economy, financial or securities markets; (iv) changes generally affecting the industry and markets in which the Company operates; (v) any change after the date hereof of any Law, GAAP or any other accounting standard applicable to the Company or any of its properties, or the enforcement or interpretation thereof; (vi) the failure by the Company to achieve any financial projection (but not the underlying causes thereof); (vii) the announcement, execution or delivery of this Agreement or the pendency or consummation of the transactions contemplated hereby; (viii)(A) any action taken by Parent, Seller or the Company at Purchaser's written direction or (B) the failure to take any action referred to in [Section 4.2](#) that was not taken by Parent, Seller or the Company because Purchaser withheld its consent (provided that such consent was not reasonably withheld by Purchaser); or (ix) any action by the Company that is expressly contemplated by this Agreement.

"Material Contracts" has the meaning set forth in [Section 2.21\(a\)](#).

"Net Working Capital" means (a) the aggregate amount of the current assets of the Company; minus (b) the aggregate amount of the current liabilities of the Company (with exception of Deferred Revenues and other current liabilities which are not in the ordinary course of business), in each case, in line with the illustration set forth in [Schedule A-2](#) and calculated in accordance with US GAAP.

"Notice of Disagreement" has the meaning set forth in [Section 1.7\(b\)](#).

“OFAC” means the Office of Foreign Assets Control.

“Offered Employees” means each Additional Employee who is not an Automatic Transfer Employee.

“Open Source Technology” means Software or other subject matter that is distributed under an open source license or freeware or trial ware or other similar licensing model such as (by way of example only) the GNU General Public License, GNU Lesser General Public License, Apache License, Mozilla Public License, BSD License, MIT License, Common Public License, any derivative of any of the foregoing licenses, any other license approved as an open source license by the Open Source Initiative, or any license that requires, as a condition of exploitation, that other Software that is integrated or bundled with, linked with, used in the development or compilation of, or otherwise used in or with such Software, be (i) disclosed or distributed in source code form, (ii) licensed for the purpose of making derivative works, or (iii) made available in connection with any license, sublicense or distribution of such Software at no charge or minimal charge.

“Outbound License Agreement” means any agreement under which the Company grants licenses or other rights in, rights to use or otherwise practice or exploit, or any covenants not to sue for infringement or misappropriation of, any Intellectual Property Right, including Open Source Technology.

“Owned Real Property” means Real Property and any rights equivalent to real property (*grundstücksgleiche Rechte*) including condominiums (*Wohnungseigentum*), hereditary building rights (*Erbbaurechte*), usufruct of real property (*Nießbrauch*) and buildings on third party property (*Bauten auf fremden Grundstücken*) owned in whole or in part by the Company.

“Patents” means any U.S. and non-U.S. patents and patent applications (including any continuations, continuations in part, divisionals, reissues, renewals and applications for any of the foregoing), inventor’s certificates, utility model rights and similar rights, petty patents and applications therefor, including all rights to sue and collect damages for past, present and future infringements thereof.

“Permits” means any permits, licenses, franchises, approvals, certificates, consents, waivers, qualifications, concessions, exemptions, variances, orders, registrations, notices or other similar authorizations of any Governmental Entity.

“Permitted Business Combination” has the meaning set forth in Section 4.9(b)(ii).

“Person” means an individual, corporation, partnership, limited liability company, association, trust, unincorporated organization or other legal entity including any Governmental Entity.

“Personal Data” means any information that relates to an identified or identifiable individual, or that may be used to identify an individual, including name, street address, telephone number, email

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address, photograph, social security number, driver’s license number or data collected through an automated license plate recognition system, passport number, financial account information, username and password combinations or customer or account number.

“Post-Closing Covenants” has the meaning set forth in Section 6.1(b)(iii).

“Post-Closing Covenant Expiration Date” has the meaning set forth in Section 6.1(b)(iii).

“Post-Closing Statement” has the meaning set forth in Section 1.7(a).

“Pre-Closing Covenants” has the meaning set forth in Section 6.1(b)(iii).

“Pre-Closing Covenant Expiration Date” has the meaning set forth in Section 6.1(b)(iii).

“Pre-Closing Period” has the meaning set forth in Section 4.1.

“Pre-Closing Tax Period” means any taxable period ending on or before the Closing Date including the portion of any Straddle Period ending on the Closing Date.

“Prohibited Person” means a Person that is (A) listed on, or owned or controlled by a person listed on, or acting on behalf of a person listed on, any Sanctions List; (B) located in, incorporated under the Laws of, or owned (directly or indirectly) controlled by, or acting on behalf of, a person located in or organized under the Laws of a country or territory that is the target of country-wide or territory-wide Economic Sanctions; or (C) otherwise the target of Economic Sanctions.

“Purchase Price” has the meaning set forth in Section 1.4.

“Purchaser” has the meaning set forth in the Preamble.

"Purchaser Employee Liability" has the meaning set forth in [Section 4.10\(b\)](#).

"Real Property" means all land, together with all buildings, structures, improvements and fixtures located thereon, including all electrical, mechanical, plumbing and other building systems, fire protection, security and surveillance systems, telecommunications, computer, wiring, and cable installations, utility installations, water distribution systems, and landscaping, together with all easements and other rights and interests appurtenant thereto (including air, oil, gas, mineral, and water rights).

"Related Party" with respect to any specified Person, means: (i) any Affiliate of such specified Person, or any managing director, director, executive officer, general partner or managing member of such Affiliate; (ii) any Person who serves as a managing director, director, executive officer, partner, member or in a similar capacity of such specified Person; (iii) any Immediate Family member of a Person described in clause (ii); or (iv) any other Person who holds, individually or together with any Affiliate of such other Person and any member(s) of such Person's Immediate Family, more than five percent (5%) of the outstanding equity or ownership interests of such specified Person. For the purposes of this definition, "Immediate Family," with respect to any specified Person, means such Person's spouse, parents, children and siblings, including adoptive relationships and relationships through marriage, or any other relative of such Person that shares such Person's home.

"Representation and Warranty Policy" means the representation and warranty insurance policy taken out by Purchaser from Beazley Furlonge Ltd. dated September 17, 2023, attached hereto as [Exhibit G](#), which will be bound immediately at the signing of the Agreement.

"Representatives" means, subject to any expansion under this Agreement, with respect to any Person, such Person's managing directors, officers, directors, principals, employees, advisors, auditors, agents, bankers and other representatives.

"Required Disclosing Party" has the meaning set forth in [Section 4.6\(a\)](#).

"Resolution Period" has the meaning set forth in [Section 4.9\(f\)\(iii\)](#).

"Restricted Period" has the meaning set forth in [Section 4.9\(a\)](#).

"Restructured Assets" has the meaning set forth in [Section 4.18\(a\)](#).

"Restructuring Activities" has the meaning set forth in [Section 4.18\(a\)](#).

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"Sanctions Authority" means any of: (A) the United States Government; (B) the United Nations; (C) the United Kingdom; or (D) the European Union; and includes any government entity of any of the above, including, but not limited to, OFAC, the United States Department of State, and HMT.

"Sanctions List" means (A) the List of Specially Designated Nationals and Blocked Persons maintained by OFAC; (B) the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by HMT; or (C) any similar list maintained by, or public announcement of Sanctions designation made by, any other Sanctions Authority.

"Seller" has the meaning set forth in the Preamble.

"Seller Employee Liabilities" has the meaning set forth in [Section 4.10\(b\)](#).

"SellerReleasees" has the meaning set forth in [Section 4.16\(b\)](#).

"Seller's Knowledge" or any similar phrase means, with respect to any fact or matter, the knowledge, after due and diligent inquiry, of the managing directors and the employees of Parent, Seller and/or Company set forth in [Schedule A-1](#); provided, however, for purposes of the first sentence of [Section 2.14\(e\)](#), the first sentence of [Section 2.16\(b\)](#), the second sentence of [Section 2.17\(c\)](#), [Section 2.18\(a\)](#) and [Section 2.18\(c\)](#), "Seller's Knowledge" or any similar phrase means the knowledge, after due and diligent inquiry, of any fact or matter learned by the managing directors and the employees of Parent, Seller and/or Company set forth in [Schedule A-1](#) at or in connection with due diligence, negotiations and/or the execution of the sale and purchase agreement regarding all shares in the Company, dated October 9, 2019 or thereafter.

"Share Sale" has the meaning set forth in the Recitals.

"Shares" has the meaning set forth in the Recitals.

"Short Fiscal Year" has the meaning set forth in [Section 4.4\(b\)](#).

“Software” means any and all (i) computer programs, including any and all software implementations of algorithms, heuristics, models and methodologies, whether in source code or object code, (ii) testing, validation, verification and quality assurance materials, (iii) databases, conversions, interpreters and compilations, including data and any collections of data, whether machine readable or otherwise (**“Databases”**), (iv) descriptions, schematics, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, (v) all documentation, including user manuals, web materials and architectural and design specifications and training materials, relating to any of the foregoing, (vi) software development processes, practices, methods and policies recorded in permanent form, relating to any of the foregoing, and (vii) performance metrics, sightings, bug and feature lists, build, release and change control manifests recorded in permanent form, relating to any of the foregoing.

“Straddle Period” means any Tax period beginning on or before and ending after the Closing Date.

“Subrogation Waiver” has the meaning set forth in [Section 4.15](#).

“Systems” means the computer, information technology and data processing systems, facilities and services used by or for the Company, including all Software, hardware, networks, communications facilities, platforms and related systems and services, whether outsourced, cloud based or otherwise.

“Target Working Capital” means [***].

“Target Working Capital Bottom Collar” means an amount equal to .97 multiplied by the Target Working Capital.

“Target Working Capital Top Collar” means an amount equal to 1.03 multiplied by the Target Working Capital.

“Tax” means (i) all direct and indirect statutory, governmental, federal, state, local, municipal, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, unclaimed property, escheat, windfall

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profits, customs, duties or other taxes, contributions, rates, levies (including social security), fees, assessments or charges of any kind whatsoever, whether disputed or not, together with any interest and any penalties, additions to tax or additional amounts with respect thereto or in lieu thereof, (ii) any Liability for payment of amounts described in clause (i) whether as a result of transferee or successor Liability, of being a member of an affiliated, consolidated, combined, unitary or similar group for any period, or otherwise, and (iii) any Liability for the payment of amounts described in clauses (i) or (ii) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other Person.

“Tax Item of Seller’s Interest” has the meaning set forth in [Section 4.12\(c\)](#).

“Tax Return” means any written or electronic return, certificate, declaration, notice, report, statement, information statement and document filed or required to be filed with respect to Taxes, amendments thereof, and schedules and attachments thereto.

“Tax Returns of Seller’s Interest” has the meaning set forth in [Section 4.12\(c\)](#).

“Taxing Authority” means any Governmental Entity having authority with respect to the assessment, collection and enforcement of Taxes.

“Technology” means any and all (i) technology, formulae, algorithms, procedures, processes, methods and methodologies, models, techniques, know how, ideas, creations, concepts, inventions, discoveries, improvements, and invention disclosures (whether patentable or unpatentable and whether or not reduced to practice); (ii) technical, engineering, manufacturing, product, marketing, servicing, financial, supplier, personnel and other information and materials; (iii) customer lists, customer contact and registration information, customer correspondence and customer purchasing histories; (iv) specifications, designs, models, devices, prototypes, schematics and development tools; (v) Software, websites, user interfaces, content, images, graphics, text, photographs, artwork, audiovisual works, sound recordings, graphs, drawings, reports, analyses, writings, and other works of authorship and copyrightable subject matter or subject matter entitled to mask work protection (**“Works of Authorship”**); (vi) domain names, uniform resource locators and other names and locators associated with the Internet (**“Domain Names”**); (vii) social media and mobile communications accounts, identifiers, user names, handles or short code designations (**“Social Media”**); and (viii) Trade Secrets.

“Termination Date” has the meaning set forth in [Section 7.1\(b\)](#).

“Third Party Claim” has the meaning the forth in [Section 6.3\(d\)](#).

“Top Customers” has the meaning set forth in [Section 2.26\(a\)](#).

“Top Distributors” has the meaning set forth in [Section 2.26\(a\)](#).

"Top Suppliers" has the meaning set forth in [Section 2.26\(a\)](#).

"Trade Secrets" means any information, including any formula, pattern, compilation, program, device, method, technique, or process, that (x) derives independent economic value, actual or potential, from not being generally known to the public or to other Persons who can obtain economic value from its disclosure or use and (y) is the subject of efforts to maintain its secrecy.

"Trademarks" means any U.S. and non-U.S. (including state, national or supranational) registered and unregistered trademarks, service marks, trade dress, trade names, domain names, general intangibles of like nature, and other indicia of source, origin, endorsement, sponsorship or certification, designs, industrial designs, product packaging shape, and other elements of product and product packaging appearance together with all registrations and applications for registration of any of the foregoing and all goodwill related to any of the foregoing.

"Transfer Regulations" means, the Transfer of Undertaking (Protection of Employment) Regulations 2006 and any other Law implementing in any jurisdiction the European Council Directive 2001/23/EC on the approximation of the Laws of EU Member States relating to the safeguard of employees' rights in the event of transfer of undertakings, business or parts of undertakings or businesses as amended or replaced from time to time, or any Law of the same or similar effect in any jurisdiction.

"Transaction Documents" means this Agreement, the Disclosure Schedule, the Employment Arrangements, the Consulting Agreement, and, in each case, including all schedules and exhibits,

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certificates, documents and instruments contemplated thereto made in accordance with the respective terms hereof and thereof.

"Transaction Expenses" means (a) the aggregate amount of all unpaid legal, Tax, accounting, financial advisory, investment banking, and other professional fees and expenses incurred by the Company in connection with the consummation of the Share Sale contemplated hereby, (b) all unpaid bonuses, incentive compensation, commissions, termination payments, retention or other change in control, separate, tax gross up or other transaction-related payments to be paid by the Company to any employee or service provider in connection with the transactions contemplated by this Agreement (whether or not in connection with any other contingency (including any termination of service)), including the employer portion of any Taxes relating to such payments; (c) one-half of the costs and expenses relating to the Representation and Warranty Policy, including the total premium, underwriting costs, and brokerage commissions in an amount not to exceed US\$ 229,200 (total premium, including underwriting fees and taxes: US\$ 458,400) and as stipulated in [Section 6.4](#); and (d) any Taxes incurred or payable on any of the foregoing.

"Transfer Taxes" means any statutory, governmental, federal, state, local, municipal, foreign and other transfer, documentary, real estate transfer, mortgage recording, gross receipts, sales, use, stamp, registration, value-added and other similar Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the transactions contemplated by this Agreement.

"Transferred Employee" has the meaning set forth in [Section 4.10\(a\)](#).

"US GAAP" means generally accepted accounting principles in effect from time to time in the United States of America.

"Unvested Equity Incentives" has the meaning set forth in [Section 4.10\(f\)](#).

"Unvested RSUs" has the meaning set forth in [Section 4.10\(f\)](#).

"User Data" means any Personal Data or other data or information collected by or on behalf of the Company related to users of the Company Products, including from users of any website or online offering of the Company.

"VAT" has the meaning set forth in [Section 2.20\(p\)](#).

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Exhibit 19.1

July 2024

I. Background

A. The Need for This Policy

The Company's common stock is publicly traded on the Nasdaq Global Select Market (the "**NASDAQ**") under the symbol **FORM**. One of the principal purposes of the federal securities laws is to prohibit "insider trading." Insider trading occurs when a person uses material nonpublic information obtained through involvement with the Company to make decisions to purchase, sell, give away, or otherwise trade in the securities of the Company (i.e. FORM stock) or of certain other companies or to provide that information to others outside the Company, who then trade in the securities of the Company or of certain other companies. The prohibitions against insider trading apply to trades, tips and recommendations by virtually any person, including all Company Personnel, if the information involved is "material" and "nonpublic." The terms "material" and "nonpublic" are defined below.

Insider trading violations are pursued vigorously by the Securities Exchange Commission (the "**SEC**") and the U.S. Attorney's Office and are punished severely. While regulatory authorities most frequently concentrate their efforts on the individuals who trade, or who tip inside information

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to others who trade, the federal securities laws also impose potential liability on companies and other "control persons" if they fail to take reasonable steps to prevent insider trading by Company Personnel. Insider trading violations can also form the basis for class action lawsuits against a company.

FormFactor's Board of Directors has adopted this Policy to satisfy the Company's obligation to prevent insider trading and to help the Company and Company Personnel avoid the severe consequences associated with violations of the insider trading laws. It is important to maintain and continue the Company's established reputation for integrity and ethical conduct. This Policy is also intended to prevent even the appearance of improper conduct on the part of Company Personnel.

B. The Consequences of Violations of Insider Trading Laws

The consequences of an insider trading violation can be severe, and may include jail time, criminal fines, civil penalties, and civil enforcement actions.

1. Legal Penalties

A person who violates insider trading laws by engaging in transactions in a company's securities when they are in possession of material nonpublic information can be sentenced to a substantial jail term and required to pay a criminal penalty of several times profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippees to whom they have disclosed material nonpublic information. Tipsters can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the tipster did not profit from the transaction.

The SEC can also seek substantial civil penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to the Company or management and supervisory personnel. Even for violations that result in a small or no profit, the SEC can seek financial penalties from a company or its management and supervisory personnel as control persons.

2. Company-imposed Penalties

Company Personnel who fail to comply with this Policy will be subject to Company-imposed penalties, including dismissal for cause, whether or not their failure to comply results in a violation of law. FormFactor reserves the right to determine, in its own discretion and on the

basis of information available to it, whether this Policy has been violated. It is not necessary for the Company to await the filing or conclusion of a civil or criminal action against the alleged violator before taking disciplinary action.

C. The Compliance Officer

The Company has appointed the Chief Legal Officer as the Compliance Officer for this Policy. In addition to pre-clearing trading in accordance with the Policy, the duties of the Compliance Officer, which may be delegated to a member of the Company's Legal Department, include the following:

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- Administering, interpreting, monitoring, and enforcing compliance with the Policy;
- Responding to all inquiries relating to this Policy;
- Designating and announcing special Blackout Periods (as defined below) during which certain individuals may not trade in Company securities;
- Ensuring that this Policy is circulated to and accessible by all Company Personnel;
- Administering, monitoring and enforcing compliance with all applicable federal and state insider trading laws, and assisting in the preparation, filing and maintenance of records related to all required SEC reports relating to insider trading in Company securities;
- Ensuring the Policy is amended as necessary to reflect changes in federal or state insider trading laws;
- Maintaining all records as required by the Policy; and
- Maintaining the accuracy of the lists of Access Individuals (as defined below).

II. Policy

A. General Policy Regarding Insider Trading

Company Personnel who possess or are aware of material nonpublic information relating to the Company may not, directly or through family members or other persons or entities:

- trade in securities of the Company (other than pursuant to a pre-cleared trading plan that complies with SEC Rule 10b5-1 and complies with the requirements set forth under "Rule 10b5-1 Trading Plans" below (a "**10b5-1 Plan**")), or engage in any other action to take personal advantage of that material nonpublic information, or
- Pass that material nonpublic information on to others outside the Company, including to family and friends.

For purposes of this Policy, references to "trade" or "trading" include, among other things, the purchases, sales pledges, hedges, loans and gifts of Company securities, as well as other direct or indirect transfers of Company securities.

1. Material Nonpublic Information

It is very important that you understand when information is deemed to be "material" and when information is deemed to be "nonpublic."

a. "**Material Information**" is any information that a reasonable investor would consider important in making a decision to buy, hold or sell securities, such as stock. Any information that could be expected to affect the Company's stock price, whether it is positive or negative, should be considered material. If you are unsure whether information is material, you

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should consult with the Compliance Officer. Examples of information that ordinarily would be regarded as material include:

- Projections of future earnings or losses or other earnings outlook;
- Earnings, bookings or revenues that are inconsistent with the consensus expectations of the investment community;
- A pending or proposed merger, acquisition or tender offer;
- A pending or proposed acquisition or disposition of a significant asset;
- A change in dividend policy, the declaration of a stock split or an offering of additional securities;
- A change in senior management or the Board of Directors;
- The development of a significant new product or process;
- Impending bankruptcy or the existence of liquidity problems;
- The gain or loss of a significant customer, supplier or contract; and
- Cybersecurity incidents, and breaches.

b. **“Nonpublic Information”** is any information that has not been widely distributed to

the public through, for example, a national news or major financial news service. The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be “public” the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. For purposes of this Policy, information is considered public, that is, no longer “nonpublic information,” after the close of trading on the second full trading day on the NASDAQ following the Company’s widespread public release of the information. For example, if the Company issues a press release announcing that a new customer has placed a large volume purchase order on a Tuesday after the NASDAQ has closed, then the information in the press release is considered “nonpublic” until after the close of trading on the following Thursday (two days after the press release). If the Company issues the same press release earlier on the same Tuesday when the NASDAQ is open, the information in the press release is still considered “nonpublic” until after the close of trading on the following Thursday. If you are unsure whether information is considered public, you should consult with the Compliance Officer.

2. Third Party Companies

Company Personnel who, in the course of working for the Company, learn of material nonpublic information about a third-party company which has a business relationship with the Company may not trade in that company’s securities until the information becomes public or is no longer material. This prohibition on trading includes the buying or selling of securities of third-

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party companies that are customers, suppliers, partners, competitors, or other companies with which the Company has contractual relationships or may be negotiating transactions.

3. Transactions by FormFactor

FormFactor will not engage in transactions in Company securities, except in compliance with applicable securities laws.

4. No Exceptions

Transactions that may be necessary or justifiable for personal reasons (such as the need to raise money for an emergency expenditure) are not excepted from this Policy. The securities laws do not recognize such mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company’s reputation for adhering to the highest standards of conduct. This means that if you are in possession of material non-public information, you will not be able to make the decision to sell FORM stock during a closed trading window even in the event of an urgent need for funds.

5. Trading Advice

The Company strongly discourages all Company Personnel from giving trading advice concerning FORM securities to third parties even when they do not possess material nonpublic information relating to the Company.

6. 20-20 Hindsight

Remember, anyone scrutinizing your transactions will be doing so after the fact, with the benefit of hindsight. As a practical matter, before engaging in any transaction involving FORM securities, you should carefully consider how enforcement authorities and others might view the transaction in hindsight. This is the case even if you are conducting the transaction during an open trading window.

B. Disclosure of Company Information to Others

FormFactor is required under Regulation FD of the federal securities laws to avoid the selective disclosure of material nonpublic information. FormFactor has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. You may not, therefore, disclose information to anyone outside the Company, including family members and friends, other than in accordance with those procedures. For more information on the procedures applicable to the Company's disclosure of material nonpublic information, please contact the Compliance Officer.

C. Pre-clearance Procedures for Trading

1. Restricted Individuals and Entities

To help prevent inadvertent violations of the federal securities laws and avoid even the appearance of trading based on inside information, Access Individuals must not engage in any transactions in the Company's securities without first obtaining pre-clearance from the Compliance Officer or, in the Compliance Officer's absence, the Chief Financial Officer ("CFO"). Prior to

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trading any securities of the Company, you should confirm whether you are an Access Individual. For purposes of this Policy, "Access Individuals" means all Company Personnel at the Vice President level and above. Certain other Company Personnel are and may be designated as Access Individuals based on their role. The term Access Individuals also includes Family Members and Controlled Entities (each defined below) of Company Personnel who qualify as Access Individuals. The current list of Access Individuals is maintained on "inFORM" under the Legal Department home page. The Company will amend the Access Individuals list from time to time as necessary to reflect the addition and the resignation, departure or change in status of Access Individuals. Access Individuals must obtain pre-clearance of all trades in Company securities from the Company's Compliance Officer or, in the Compliance Officer's absence, the CFO in accordance with the procedures set forth in this Policy.

2. The Pre-clearance Process

Access Individuals may not, directly or indirectly, engage in any transaction in Company securities (including a gift, contribution to a trust, pledge, loan, or similar transactions, but excluding contributions to a charitable or other tax-exempt organization or revocable living trust created by such individual, unless you have reason to believe that the recipient intends to sell the Company Securities while you know or are in possession of material, nonpublic information) without first obtaining pre-clearance of the transaction from the Company. This pre-clearance requirement applies to Company securities held by Access Individuals or other designated Company Personnel.

A request for pre-clearance should be submitted, in writing, to the Compliance Officer at least two days in advance of the proposed transaction. Sales by Access Individuals may also be pre-cleared by the Company's CFO if the Compliance Officer is absent or unavailable. Neither the Compliance Officer nor CFO is under any obligation to pre-clear a trade as requested and may determine not to pre-clear the trade. The Compliance Officer or CFO will provide written notice of its determination to pre-clear or not pre-clear a trade typically within one business day of receipt of the complete and correct written request. Any proposed trades by the Compliance Officer must be approved by the Company's Chief Executive Officer ("CEO") or the CFO. Any proposed trades by the CFO must be approved by the Compliance Officer or the CEO. The Compliance Officer, the CEO or the CFO may consult with the Company's outside legal counsel, as appropriate.

D. Blackout Periods

1. Quarterly Blackout Periods

The Company's announcement of quarterly financial results almost always has the potential to have a material effect on the market for the Company's securities. Therefore, to avoid even the appearance of trading while aware of material nonpublic information, the Company

restricts Access Individuals from trading in Company securities for designated periods of time (“**Blackout Periods**”).

Except as permitted by Section II.E. of this Policy, no Access Individual may trade in the Company's securities during a quarterly Blackout Period, which is the period beginning on the close

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of trading on the NASDAQ on the fifteenth (15th) calendar day of the third (3rd) calendar month of the Company's fiscal quarter and ending on the close of trading on the second (2nd) full trading day on the NASDAQ following the Company's wide- spread public release of its quarterly or year-end earnings.

2. Special Blackout Periods

The Company may impose special Blackout Periods when certain Company Personnel have knowledge of pending material events or other material non-public information regarding the Company that is anticipated to be disclosed, but has not yet been publicly disclosed. For so long as the event(s) or information remains material and nonpublic, except as permitted by Section II.E. of this Policy, Access Individuals and such other Company Personnel who are designated by the Compliance Officer, together with their respective Family Members and Controlled Entities, may not trade in the Company's securities. The existence of a special Blackout Period will not generally be announced, other than to those who are aware of the event giving rise to the special Blackout Period or to those whose trades are not generally subject to pre-clearance but who have been designated as subject to the special Blackout Period. Any person made aware of the existence of a special Blackout Period should not disclose its existence to any other person, including third parties.

The failure of the Compliance Officer to designate an individual as being subject to a special Blackout Period does not relieve that individual of the obligation not to trade in the Company's stock while aware of material nonpublic information.

E. Rule 10b5-1 Trading Plans

Notwithstanding the restrictions and prohibitions on trading the Company's securities as set forth in this policy, persons subject to this policy statement are permitted to effect transactions in the Company's securities pursuant to approved trading plans established under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, including transactions during a closed trading window, in accordance with the requirements and procedures set forth in Appendix A. Rule 10b5-1 requires that these transactions be made pursuant to a plan that was established while the person was not in possession of material, non-public information. Persons seeking to establish a trading plan should submit the 10b5-1 plan for Pre-Clearance prior to initiating such plan.

III. The Scope of This Policy Statement

A. Family Members and Controlled Entities

It is important to remember that this Policy applies both to you and to your Family Members and Controlled Entities, which are defined below.

1. Transactions by Family Members

This Policy and the trading restrictions set forth herein apply to your “**Family Members**”, which include your spouse, minor children, other individuals who reside with you, and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control. For example, parents or children who do

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not reside with you but consult with you before they trade in Company securities would be considered Family Members. You are responsible for the transactions of these Family Members and therefore should make them aware of the need to confer with you before they trade in the Company's securities.

2. Transactions by Controlled Entities

This Policy and the trading restrictions set forth herein apply to "**Controlled Entities**", which include all entities (including corporations, partnerships and trusts) for which you control or share control of investment decisions. For example, if you make or participate in the investment decisions for a venture capital partnership that holds Company securities, this Policy applies to transactions by that venture capital partnership in the Company's securities. As a result, the venture capital partnership may not distribute Company securities to its general partners during a Blackout Period, unless the recipients agree in writing to hold the securities until a Blackout Period no longer applies to the partnership. If you participate in an investment club with several of your friends, this Policy would apply to any transactions by your investment club, to the extent that you share control of the club's investment decisions.

B. Transactions Under Company Plans

There are two types of transactions related to Company securities that fall outside the scope of this Policy: (1) exercising stock options granted under an approved Company plan, including the Company's 2012 Equity Incentive Plan ("**Stock Options**") and (2) purchases of shares from the Company under the Company's Employee Stock Purchase Plan (the "**ESPP**").

1. Stock Option Exercises

This Policy does not apply to:

- The exercise of a Stock Option, provided that you do not engage in any market sale for the purpose of generating the cash needed to pay the exercise price of the Stock Option; or
- The exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares subject to a Stock Option to satisfy tax withholding requirements.

This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of a Stock Option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of a Stock Option. It is important to understand that while the exercise of Stock Options as described above is not subject to this Policy, you cannot sell stock as part of the exercise of that Stock Option without complying with this Policy.

2. Employee Stock Purchase Plan

This Policy does not apply to purchases of Company stock under the ESPP resulting from:

- A periodic contribution of money to the ESPP pursuant to an election made at the time of enrollment in the ESPP;

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- Lump sum contributions to the ESPP, provided that you elected to participate by lump sum payment at the beginning of the applicable enrollment period;
 - Any enrollment to participate in a new Offering Period (as defined in the ESPP);
 - Any increase or decrease to a prior election under the ESPP; or
 - Any suspension or withdrawal from participation under the ESPP.

This Policy Statement does apply to your sales of Company stock purchased pursuant to the ESPP.

C. Additional Prohibited Transactions

Finally, there are a number of other transactions in Company securities that are also prohibited under this Policy. The Company considers it improper and inappropriate for Company Personnel to engage in short-term or speculative transactions in the Company's securities. There are also certain transactions that, while not absolutely prohibited under this Policy, do require pre-clearance from the Compliance Officer. Company Personnel may not engage in any of the transactions listed below, except, and only if the Policy provides that an exception may be considered, with the written pre-clearance of the Compliance Officer.

1. Short Sales

This Policy prohibits short sales of the Company's securities by all Company Personnel. Short sales of Company securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. Short sales may reduce the seller's incentive to improve the Company's performance.

2. Publicly Traded Options

Transactions in puts, calls or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy. A transaction in options is, in effect, a bet on the short-term movement of Company stock and therefore creates the appearance that the trading is based on material nonpublic information relating to the Company. Transactions in options also may focus the attention of Company Personnel on short-term performance at the expense of the Company's long-term objectives.

3. Hedging Transactions

Company Personnel are prohibited from pledging Company stock in a margin account or otherwise entering into transactions designed to hedge or offset any decrease in the market value of Company stock. Directors and officers are also prohibited from the purchasing of options on Company securities. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow a shareholder to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow Company Personnel to continue to own the covered securities, but without

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the full risks and rewards of ownership. While hedging transactions can be a useful tool for risk aversion in certain circumstances, such transactions also have the potential to create differences between the objectives of the Company Personnel and the objectives of the Company's other shareholders.

4. Margin Accounts and Pledges

Company Personnel are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities.

D. Post-termination Transactions

Please keep in mind that this Policy will continue to impact your ability to trade in Company securities even after you cease providing services to the Company or its subsidiaries. You will continue to be subject to the insider trading laws, including civil and criminal penalties for any violations of such laws, with respect to any trades in the Company's securities. Specifically, if you are in possession of material nonpublic information when your engagement terminates, you may not trade in Company securities until that information has become public or is no longer material.

IV. Other

A. Company Assistance

Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from the Compliance Officer. Ultimately, however, the responsibility for adhering to this Policy and complying with insider trading laws rests with the individual employee.

B. Reporting of Violations

Any director, officer or employee who violates this Policy or any applicable insider trading laws, or who knows of any violation by any other director, officer or employee, must report the violation immediately to the Compliance Officer. You may also contact FormFactor's Reporting Helpline using the information described at www.formfactor.com/raisingconcerns. Upon learning of a potential violation, the Compliance Officer, in consultation with the Company's outside legal counsel, will determine whether the Company should release any material nonpublic information, report the violation to the SEC or other appropriate governmental authority or take any other appropriate steps.

C. Certifications.

All Company Personnel must certify their understanding of and intent to comply with this Policy.

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Appendix A

10b5-1 Plan Requirements

The trading restrictions set forth in this Policy do not apply to transactions under a 10b5-1 Plan that meets the following requirements (an “Pre-Cleared 10b5-1 Plan”):

(i) it has been reviewed and pre-cleared by the Compliance Officer at least five days in advance of being entered into (or, if revised or amended, such proposed revisions or amendments have been reviewed and pre-cleared by the Compliance Officer at least five days in advance of being entered into);

(ii) it complies with the requirements of Rule 10b5-1, including:

- it includes a cooling-off period (specified in Rule 10b5-1(c)(ii)(B)) before trades can occur thereunder equal to: (1) for officers and directors of the Company, the later of (x) 90 days after adoption or certain modifications of the Pre-Cleared 10b5-1 Plan and (y) two business days following disclosure of the Company's financial results in a Form 10-Q or Form 10-K for the quarter in which the Pre-Cleared 10b5-1 Plan was adopted; and (2) for all other individuals, 30 days after adoption or modification of the Pre-Cleared 10b5-1 Plan. This required cooling-off period will apply to the entry into a new 10b5-1 Plan and any revision or modification of a 10b5-1 Plan;
- it is entered into in good faith by the individual, and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, and at a time when the individual is not in possession of material nonpublic information about the Company;
- for officers and directors of the Company, it includes representations certifying such officer's or director's good faith and that they are not in possession of any material nonpublic information;
- it gives a third party the discretionary authority to execute such purchases and sales, outside the control of the person entering into the 10b5-1 Plan, so long as such third party does not possess any material nonpublic information about the Company; or it explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions; and
- it is the only outstanding 10b5-1 Plan entered into by the individual (subject to the exceptions set out in Rule 10b5-1(c)(ii)(D)).

To qualify for pre-clearance by the Compliance Officer in accordance with the foregoing, (i) the 10b5-1 Plan may not be submitted for adoption during a Blackout Period; and (ii) the individual seeking to establishing the 10b5-1 Plan must certify in writing to the Compliance Officer that as of the date the 10b5-1 Plan is established: (a) the individual is not in possession of any material

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nonpublic information concerning the Company; and (b) the 10b5-1 Plan complies with all of the requirements of Rule 10b5-1.

Transactions effected pursuant to a Pre-Cleared 10b5-1 Trading Plan do not require any further pre-clearance at the time of the transaction. Pre-clearance of a 10b5-1 Trading Plan by the Compliance Officer should not be considered approval by the Compliance Officer or the Company of the plan's compliance with the requirements of Rule 10b5-1. You are solely responsible for ensuring that any 10b5-1 Trading Plan complies with the requirements of Rule 10b5-1. If you are considering entering into, modifying or terminating a Pre-Cleared 10b5-1 Plan or

have any questions regarding Approved Rule 10b5-1 Plans, please contact the Compliance Officer. You should consult your own legal and tax advisors before entering into, or modifying or terminating, any 10b5-1 Plan.

EXHIBIT 21.1

LIST OF REGISTRANT'S SUBSIDIARIES

SUBSIDIARY NAME	JURISDICTION OF ORGANIZATION
FormFactor International, Inc.	Delaware, United States
FormFactor, K.K.	Japan
FormFactor Korea, Inc.	South Korea
FormFactor Singapore Pte. Ltd.	Singapore
Microprobe HongKong Limited	Hong Kong
FormFactor Technology (Suzhou) Co. Ltd.	People's Republic of China
FormFactor GmbH	Germany
Cascade Microtech Singapore Pte, Ltd	Singapore
FormFactor International (Shanghai) Trading Co., Ltd.	People's Republic of China
Advanced Temperature Test Systems GmbH	Germany
FormFactor SASU	France
High Precision Devices, Inc.	Colorado, United States

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements (No. 333-198760) on Form S-3 and (Nos. 333-273789, 333-266500, 333-239388, 333-232990, 333-226432, 333-222551, 333-212587, 333-195744, 333-188363, 333-181450, 333-179589, 333-172318, 333-165058, 333-157610, 333-149411, 333-148198, 333-139074, 333-125918, 333-115137, and 333-106043) on Form S-8 of our report dated February 23, 2024 February 21, 2025, with respect to the consolidated financial statements of FormFactor, Inc. and subsidiaries and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP
Portland, Oregon
February 23, 2024 21, 2025

EXHIBIT 31.1 31.01

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 15 U.S.C. SECTION 7241, AS
ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael D. Slessor, certify that:

1. I have reviewed the **Annual Report annual report** on Form 10-K of FormFactor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (**the registrant's fourth fiscal quarter in the case of an annual report**) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2024 21, 2025

/s/ MICHAEL D. SLESSOR

Michael D. Slessor

Chief Executive Officer

(Principal Executive Officer and Director)

EXHIBIT 31.2 31.02

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 15 U.S.C. SECTION 7241,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Shai Shahar, certify that:

1. I have reviewed the **Annual Report annual report** on Form 10-K of FormFactor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- (b) b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
- Date: February 23, 2024 21, 2025 /s/ SHAI SHAHAR
Shai Shahar
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1 32.01

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report on Form 10-K of FormFactor, Inc., a Delaware corporation, for the period ended December 30, 2023 December 28, 2024, as filed with the Securities and Exchange Commission, each of the undersigned officers of FormFactor, Inc. certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his respective knowledge:

- (1) 1. the annual report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) 2. the information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of FormFactor, Inc. for the

Date: February 23, 2024 21, 2025 /s/ MICHAEL D. SLESSOR
Michael D. Slessor
Chief Executive Officer
(Principal Executive Officer and Director)

Date: February 23, 2024 21, 2025 /s/ SHAI SHAHAR
Shai Shahar
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

periods presented therein.

Exhibit 97.1

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Clawback Policy

I. Introduction

The Board of Directors (the "Board" "Board") of FormFactor, Inc. (the "Company" "Company") believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy, which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from certain circumstances described in this policy (the "Policy" "Policy"). This Policy is designed to comply with Section 10D and 10D-1 of the Securities Exchange Act of 1934 (the "Exchange Act Requirements" "Requirements").

This Policy shall be administered by the Compensation Committee (the "Committee" "Committee"), and any determinations made by the Committee shall be final and binding on all affected individuals. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. This Policy shall be interpreted and applied in a manner that is consistent with the Exchange Act Requirements and the applicable rules of The NASDAQ Stock Market (the "NASDAQ Rules" "NASDAQ Rules").

This Policy shall be effective as of October 2, 2023 (the "Effective Date" "Effective Date") and will apply as set forth in this Policy and as required by applicable law.

The Board may amend this Policy from time to time as it deems necessary and to reflect applicable law.

II. Policy

A. Covered Executives

This Policy applies to the Company's current and former executive officers, as determined by the Committee in accordance with the Exchange Act Requirements and the NASDAQ Rules ("Covered Executives" "Executives").

B. Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Committee will reasonably promptly recover the amount of erroneously awarded Incentive Compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare the accounting restatement.

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C. Incentive Compensation

For purposes of this Policy "Incentive Compensation", "Incentive Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure.

Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the SEC. Financial reporting measures include:

- Company stock price
- Total shareholder return
- Revenues
- Net income
- Earnings before interest, taxes, depreciation, and amortization (EBITDA)
- Funds from operations
- Liquidity measures such as working capital or operating cash flow
- Return measures such as return on invested capital or return on assets
- Earnings measures such as earnings per share

D. Erroneously Awarded Incentive Compensation Subject to Recovery

The amount of erroneously awarded Incentive Compensation to be recovered will be the amount of Incentive Compensation received by the Covered Executive that exceeds the amount of Incentive Compensation that otherwise would have been received had it been determined based on the restated amounts, which must be computed without regard to any taxes paid, as determined by the Committee.

For Incentive Compensation based on stock price or total shareholder return: (a) the Committee shall determine the amount of erroneously awarded Incentive Compensation based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive Compensation was received; and (b) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to NASDAQ.

In all circumstances, the amount of Incentive Compensation subject to this Policy will be determined by the Committee and consistent with the Exchange Act Requirements and the NASDAQ Rules.

This Policy shall apply to all Incentive Compensation received by any Covered Executive on or after the Effective Date. Incentive Compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

E. Method of Recoupment

The Committee will determine the appropriate method for recouping Incentive Compensation hereunder consistent with the Exchange Act Requirements and the NASDAQ Rules, which may include, without limitation:

1. Requiring reimbursement of cash Incentive Compensation previously paid;

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2. Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
3. Offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
4. Cancelling outstanding vested or unvested equity awards; and/or
5. Taking any other remedial and recovery action permitted by law, as determined by the Committee.

F. No Indemnification

The Company shall not insure or indemnify any Covered Executive against the loss of any erroneously awarded Incentive Compensation or any claims relating to the Company's enforcement of its rights under this Policy.

G. Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy, including in any employment agreement, equity award agreement, or similar agreement, and any other legal remedies available to the Company.

H. Impracticability

The Committee shall recover any erroneously awarded Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Committee in accordance with the Exchange Act Requirements and the NASDAQ Rules.

I. Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators, or other legal representatives.

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