
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2025

OR

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

For the transition period from _____ to _____

OR

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

Date of event requiring this shell company report _____

Commission file number 000-30664

Camtek Ltd.

(Exact name of Registrant as specified in its charter)

Israel

(Jurisdiction of incorporation or organization)

Ramat Gavriel Industrial Zone 23150, P.O. BOX 544, Migdal Ha'Emek, Israel

(Address of principal executive offices)

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Ramat Gavriel Industrial Zone, P.O. BOX 544, Migdal Ha'Emek, Israel

(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, nominal value NIS 0.01 per share	CAMT	Nasdaq Global Market

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

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

45,828,133 ordinary shares, par value NIS 0.01 per share as of December 31, 2025.

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

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer
 Emerging growth company

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

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

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

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

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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INTRODUCTION

Definitions

In this Annual Report, unless the context otherwise requires:

- references to “**Camtek**,” the “**Company**,” “**us**,” “**we**,” “**our**” and the “**Registrant**” refer to Camtek Ltd., an Israeli company, and its consolidated subsidiaries (unless otherwise indicated);
- references to “**ordinary shares**,” “**our shares**” and similar expressions refer to the Registrant’s ordinary shares, NIS 0.01 nominal (par) value per share;
- references to “**dollars**,” “**U.S. Dollars**,” “**USD**” and “**\$**” are to United States Dollars;
- references to “**shekels**” and “**NIS**” are to New Israeli Shekels, the Israeli currency;
- references to the “**Companies Law**” are to Israel’s Companies Law, 5759-1999;
- references to the “**Israeli Securities Law**” are to Israel’s Securities Law, 5728-1968;
- references to the “**SEC**” are to the United States Securities and Exchange Commission; and
- references to the “**Nasdaq Rules**” are to rules of the Nasdaq Global Market.

Cautionary Language Regarding Forward-Looking Statements

This Annual Report on Form 20-F includes certain statements that are intended to be, and are hereby identified as, “forward-looking statements” within the meaning of the Securities Act of 1933, as amended (the “**Securities Act**”) and the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current expectations and projections about future events.

Forward-looking statements can be identified by the use of forward-looking terminology words such as “may,” “will,” “should,” “could,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “seeks,” “strategy,” “potential” or “continue” or the negative or other variations of these words, or other comparable words or phrases, but are not the only way these statements are identified. These statements discuss future expectations, plans and events, contain projections of results of operations or of financial condition or state other “forward-looking” information. When a forward-looking statement includes an underlying assumption, we caution that, while we believe the assumption to be reasonable and make it in good faith, assumed facts almost always vary from actual results, and the difference between a forward-looking statement and actual results can be material. Forward-looking statements may be found in Item 4, “Information on the Company” and Item 5, “Operating and Financial Review and Prospects” and in this Annual Report generally. Our actual results could differ materially from those anticipated in these statements as a result of various factors, including all the risks discussed in “Risk Factors” and other cautionary statements in this Annual Report.

All of our forward-looking statements are qualified by and should be read in conjunction with those disclosures. These statements are only predictions that represent our views only as of the date they are made and may change as time passes. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Annual Report might not occur. Except as may be required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

A. [Reserved.]

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.

Summary of Risk Factors

Investing in our ordinary shares involves a degree of risk. These risks are discussed more fully below and include, but are not limited to, the following, any of which could have a material adverse effect on our financial condition, results of operations and cash flows:

Risk Factors Related to Our Business, Markets, and Industry

- A slowdown or contraction in AI-related semiconductor investment that may affect our business, results of operations and financial condition;
- Disruption to our business by negative effects on the semiconductor industry, including as a result of economic, geopolitical, legal and other changes, in the global or local markets in which we operate;
- The adverse effects of the competition in the markets we serve, that have significant market participants, some with greater resources than us;
- The impact of changes in global trade policies beyond our control;
- The concentration of substantial majority of our sales in the Asia Pacific region, with China being our largest territory;
- The effects of global economic trends such as changing inflation, rising interest rates and economic slowdown;
- The impact of regional instabilities and continued hostilities;
- Supply chain constrains due to sharp increase in demand for electronic components, or disruptions to supply of components due to geopolitical or other reasons;
- Introducing new products may adversely affect our revenue, profitability and competitive position;
- The expansion of our business within and/or beyond our current served markets, through acquisition activity;
- We are be exposed to fluctuations in currency exchange rates which may result in additional expenses being recorded or in the prices of our products becoming less competitive;
- The impact of cybersecurity risks and events, and compliance with the related regulatory framework;

- The use or anticipated use of new and evolving technologies, such as AI, by us or third parties;
- The effects of the sharp increase in demand for electronic components, while production capacity remains limited;
- Risks associated with the levels of cash we maintain, which are higher than in the past; and
- The effects of climate change or related legal or regulatory measures, and compliance with additional environmental, social, governance, health, export controls, and other laws, regulations, and disclosure rules.

Risk Factors Related to Our Ordinary Shares

- The risks associated with volatility of our share price, trading volumes, and price depressions;
- The effects of the controlling interest of our principal shareholders, Priortech and Chroma, that may exercise their control in ways that may be adverse to the interests of our other shareholders; and
- The impact of our ordinary shares being traded on more than one market.

Risk Factors Related to Our Operations in Israel

- Conditions in the Middle East and Israel, including the impact of the Israel-Iran conflict and continued hostilities along Israel's borders;
- The effects of Israeli governmental programs and tax benefits, as well as of governmental grants; and
- Shareholders rights and responsibilities and the general corporate law framework in Israel, applicable to our shares and shareholders.

Risk Factors

There is a high degree of risk associated with our Company and business. If any of the following risks occur, our business, revenues, operating results and financial condition could be materially adversely affected and the trading price of our ordinary shares could decline. Below are some of the main risks factors and challenges that we have been facing and may further face, which could have an adverse effect on our business, results of operations and financial condition:

Risk Factors Related to Our Business, Markets, and Industry

A slowdown or contraction in AI-related semiconductor investment could materially and adversely affect our business, results of operations and financial condition.

Approximately 50% of our revenues are generated from products supporting the production of artificial intelligence ("AI") applications, and significant portion of our growth expected in the coming few years is derived from such products. We have experienced increased demand for inspection and metrology systems as customers invest in equipment supporting the production of AI related products, including high-bandwidth memory (HBM) and advanced packaging. As we continue to serve leading integrated device manufacturers, outsourced semiconductor assembly and test providers (OSATs), and foundries, our revenue profile has become meaningfully exposed to the pace and durability of AI-related capital spending patterns. Slower AI-driven investments would therefore have an adverse effect on our sales and operating results.

To meet current volume of sales and expected demand, we maintain appropriate inventories and production capacity, and have expanded our workforce and made capital expenditures to support operations, engineering and information technology. In addition, to satisfy short customer lead-time expectations, we frequently pre-order components and subsystems based on internal forecasts rather than on firm purchase orders. If AI-related demand does not continue at anticipated levels, we may incur higher carrying costs, experience factory underutilization, and be unable to adjust our cost structure quickly. These conditions could require us to curtail production, restructure operations and record charges that negatively affect our operating results.

Forecasting the timing, duration and depth of any AI-related downcycle is inherently challenging. We typically operate with limited visibility and do not have long-term purchase commitments with many customers. While we rely on internal and customer-provided forecasts to plan inventory and capacity, abrupt changes in customer roadmaps, qualification timing, or funding priorities can render such forecasts unreliable.

Any combination of these factors could materially and adversely affect our business, results of operations and financial condition.

Our business could be materially disrupted by negative effects on the semiconductor industry, including as a result of economic, political, legal, and other changes, in the global or local markets in which we operate.

The semiconductor industry, including the semiconductor equipment industry, relies on global end markets. Political, geopolitical, economic and financial crises and instabilities have in the past negatively affected the semiconductor industry and its end markets and could do so again in the future. Prolonged or increased use of trade barriers may result in a decrease in the growth of the global economy and semiconductor industry and could cause turmoil in global markets, which in turn often results in declines in our customers' electronic products' sales and could decrease demand for our products and services. Such circumstances could have a negative effect on our ability to sell to, ship products to, collect payments from, and support customers in certain regions.

In addition, the semiconductor industry has been subject to significant downturns from time to time as a result of global economic conditions, as well as industry-specific factors such as over-ordering in recent years which in turn results in excess inventory within our customers, built-in excess capacity, fluctuations in product supply, product obsolescence and changes in end-customer preferences. Downturns, as those we have experienced in the past, may cause material reductions in the demand for the products and services that we offer, and may result in a decline in our revenues. In addition, our ability to significantly reduce expenses during such downturn may be limited because of our continuing need to invest in research and development; our continuing need to market our products, and our extensive ongoing customer service and support requirements worldwide.

The above listed factors could adversely affect our global sales, and as a result our inventory and supply chain, which could have a material adverse impact on our results of operations and financial condition.

The markets we serve are highly competitive and have significant global market participants, some with greater resources than us. Such competition could adversely affect the terms on which we sell our products and may negatively affect our financial results.

The markets that we serve are highly competitive and have significant global market participants, some with greater resources than us. The continued growth of the markets in which we operate may attract and result in new market entrants and may also encourage existing competitors to expand their efforts and presence in these markets. Such competitors may be able to respond more quickly to new or emerging technologies or changes in customer requirements, develop additional or superior products, benefit from greater economies of scale, offer more aggressive pricing or devote greater resources to the promotion of their products. Other competitors are local smaller competitors in the markets we operate, which target the low-end market and may offer products at lower prices. Competition could result in lower prices for our products and a corresponding reduction in our gross margin, as well as more favorable payment terms to our customers and a corresponding decline in our cash flow. If we are unsuccessful in effectively responding to our competition, our financial results will be adversely affected by reduced revenues as well as lower margins, which may lead to financial losses.

Changes in global trade policies beyond our control may adversely impact our business, financial condition and results of operations.

Geopolitical tensions may result in export control restrictions, trade sanctions, and more generally international trade regulations which may impact our ability to sell and deliver our systems, technology, and services. Changes in applicable social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries, where our customers are located, could adversely affect our business, financial condition, operating results and cash flows. Among other things, such factors may affect our ability to sell our products and services in certain countries, such as China. Our business involves the sale of systems and services to customers in a number of countries, including U.S., Europe, Korea, Taiwan and China, and includes technologies that may be the subject of increased export regulations or policies.

For example, the U.S. government has enacted trade restrictions, reflecting national security concerns on conducting business with certain Chinese entities, active in the semiconductor industry. For example, over the course of 2025, the U.S. Department of Commerce has continued to add Chinese semiconductor manufacturers to list of entities that the sales thereto are forbidden or restricted.

The abovementioned measures can create legal and/or contractual exposure not only for U.S. companies or U.S. people, but also for non-U.S. companies like us. In some cases, the abovementioned export restrictions might also be applicable to the products or services which we export from countries other than the United States, should there be a U.S. nexus to our activities, should the products contain certain U.S. origin items above the applicable threshold, or should they be produced using certain U.S.-controlled technology, software, or production equipment.

Even where U.S. and other global export controls do not apply to our products, they may impact the demand for our products. For example, certain additional export administration regulations issued by the U.S. Department of Commerce since October 2022, and which have increased in 2025, may have an adverse effect on the entire semiconductor manufacturing sector in China and reduce the demand for semiconductors equipment and therefore indirectly affect our sales in China.

Furthermore, the above regulatory requirements are subject to rapid change and governments around the world are adopting a growing number of compliance and enforcement initiatives.

It has been and may continue to be increasingly difficult to keep up with the pace, complexity and scope of these changes. While we continue to carefully monitor new sanctions and trade restrictions that could arise and conduct ongoing detailed assessments of applicable law, any alleged or actual violations of such laws whether U.S. or other jurisdictions, whether or not directly applicable to us, could have an adverse impact on our reputation, business, results of operations and financials.

A substantial majority of our sales have been to manufacturers in the Asia Pacific region. The concentration of our sales and other resources within a particular geographical region, subjects us to additional material risks.

In 2025, our sales in the Asia Pacific region (mainly China, Taiwan and South Korea) accounted for approximately 91% of our total revenues with sales to China being 49% of our total revenues. A number of Asian countries have experienced or could experience political and economic instability. For instance, Taiwan and China encountered a number of continuous disputes, as have North and South Korea. Additionally, the Asia-Pacific region is susceptible to the occurrence of natural disasters, such as earthquakes, cyclones, tsunamis and flooding. Changes in local legislation, changes in governmental policies, controls and regulations, trade restrictions, a downturn in economic or financial conditions, an outbreak of hostilities or other political upheaval, as well as any further extraordinary events having an adverse effect on the economy or business environment in this region, would likely harm the operations of our customers in these countries, may cause a significant decline in our future revenues and may have an adverse effect on our results of operations and cash flow. These general risks are heightened in China, which is our largest territory, where the nature of the economy, local legislation, governmental policies and regulatory environment are rapidly evolving and where foreign companies may face the negative effects of changed governmental policies, regulatory, business and cultural obstacles. Additionally, Chinese policies with respect to trade, may present obstacles, such as regulatory restraints or significant increases in tariffs on goods imported into these markets. China's economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate and control of foreign exchange, and allocation of resources and local preference of emerging local competitors. Our business is subject to the risks associated with doing business in China, including: trade protection measures, and import and export licensing and control requirements; potentially negative consequences from changes in tax laws; difficulties associated with the Chinese legal system, including increased costs and uncertainties associated with enforcing contractual obligations in China; historically, lower protection of intellectual property rights; changes and volatility in currency exchange rates; and unexpected or unfavorable changes in regulatory requirements. In addition, we could face increased competition as a result of China's policies to promote a domestic semiconductor industry and supply chains.

We may be affected by global economic trends such as inflation, interest rates, and economic slowdown.

Recent inflation, geopolitical issues, increase in energy costs, increases in interest rates, unstable global conditions and changes in currency exchange rates have led to global economic instability. In response to rising inflation in recent years, central banks in the markets in which we operate, including the United States Federal Reserve, have tightened their monetary policies and raised interest rates, and such measures may continue. While interest rates have begun to decline and inflation is lower than in past quarters in the U.S., costs of labor, capital, employee compensation, and other similar effects have increased in the recent past. This has had, and may continue to have, an adverse effect on our business, financial condition and results of operations, as well as on our customers' spending behavior. We manage our available cash through various bank institutions and invest large portions of our cash reserves in bank deposits in Israel and abroad. Our ability to access deposits at individual banking institutions can also be negatively affected by the bankruptcy of one or more of the banks in which or through which we hold or invest our cash reserves, liquidity, credit deterioration, financial results, economic risk, political risk, regulatory changes, sovereign risk, exchange control, or other factors.

The impact of regional instabilities and continued hostilities could impede our ability to operate and develop, manufacture and deliver products and components and harm our business and financial results.

As of the date hereof, the regional security environment in the Middle East remains unstable. In late February 2026, Israel and the United States preemptively attacked Iran, in order to eliminate Iran's nuclear and ballistic missile capabilities, and to target the Islamic fundamentalist regime governing Iran, which has threatened Israel's existence. As part of this conflict, Iran launched missile attacks throughout Israel. This war followed upon similar conflicts in June 2025, and April 2024 and October 2024, during which Iran launched ballistic missile attacks against Israel, and Israel conducted strikes against Iranian military and nuclear infrastructure. The direct conflicts with Iran ran parallel to, and followed upon, a two-year war (from October 2023 until October 2025) during which Israel was attacked by Hamas and Hezbollah, terrorist groups sponsored by Iran operating out of the Gaza Strip and Lebanon, respectively, and declared war in response, which included ground operations in the Gaza Strip and southern Lebanon. Other Iranian-sponsored terrorist organizations in the Middle East, including the Houthi terrorist group in Yemen, have also attacked Israel with various types of missiles and drones as part of these conflicts, and Israel has responded with air force attacks. Nearby in the region, the fall of the Assad regime in Syria led Israel to conduct limited military operations targeting Iranian military assets and infrastructure linked to Hezbollah and other Iran-supported groups.

We may lose business due to the ongoing and revived hostilities, which could also prevent or delay shipments of our products, winning competitive procurement procedures, damage our facilities, harm our operations and product development and cause our sales to decrease. In the event that the hostilities and instabilities in our neighbor countries and/or territories disrupt the ongoing operation of our or our Israeli subcontractors' facilities or the airports and seaports on which we depend to import and export our supplies and products, our operations may be materially adversely affected. An inability to receive supplies and materials, shortages of materials or difficulties in procuring our materials, among others, may adversely impact our ability to commercialize and manufacture our product candidates and products in a timely manner. This could cause a number of delays and/or issues for our operations, including delay of the review of our product candidates by regulatory agencies, which in turn would have a material adverse impact on our ability to commercialize our product candidates. Although the related market disruptions are impossible to predict, they could be substantial, particularly if the current situation continues for an extended period of time or if geopolitical tensions result in expanded military operations on a global scale. See also "Risk Factors Related to Our Operations in Israel" below for more information.

We have expanded, and may further attempt to expand our activity within and/or beyond our current served markets, through acquisition activity. Such activity and the integration of acquired businesses may adversely affect our results of operations, financial condition and trading price of our shares.

We continue to explore potential acquisition opportunities within our market or as a diversification effort in order to create a growth engine and implement a growth strategy. In addition, we also explore acquisition opportunities aimed at obtaining technological improvement of our products, adding new technologies to our products and to diversify our business. These strategic transactions involve numerous risks, which can jeopardize or even eliminate the benefits entailed in such transactions, such as: (i) we may not be able to discover, or the target company may fail to provide us with, all relevant information and documents in relation to the transaction, which could lead to a failure to achieve the objectives of acquisition and to a substantial loss; (ii) we may fail to reveal that the due diligence materials and documents provided contain untrue statements of material facts or omit to state a material fact necessary to make the statements therein not misleading, hence fail to achieve the objectives of acquisition and suffer a substantial loss; (iii) we may fail to correctly assess the due diligence investigation findings, establish a correct investment thesis or establish a correct post-acquisition integration plan; (iv) the process of integrating an acquired business including, for example, the operations, systems, technologies, products, and personnel of the combined companies, particularly companies with large and widespread operations and/or complex products, may be prolonged due to unforeseen difficulties; (v) the implementation of the transaction may distract and divert management's attention from the normal daily operations of our business; (vi) we may sustain and record significant expenditure and costs associated with outstanding transactions that either did not or will not materialize or would fail to achieve its objectives; (vii) there will be increased expenses associated with the transaction, and we may need to use a substantial portion of our cash resources or incur debt in order to cover such expenses, which the combined companies may not be able to offset; (viii) we may incur unexpected accounting and other expenses associated with the transaction, such as tax expenses, write offs, amortization expenses related to intangible assets, restructuring costs, litigation costs or such other costs derived from the acquisition; (ix) the transaction may harm our business as currently conducted (for example, there may be a temporary loss of revenues, we may experience loss of current key employees, customers, resellers, vendors and other business partners or companies with whom we engage today or which relate to any acquired company); (x) we may be required to issue ordinary shares as part of the transaction, which would dilute our current shareholders; (xi) we may need to assume material liabilities of the acquired entity; (xii) in certain cases, acquisitions require special approvals, or are subject to scrutiny by the local authorities, and failing to comply with such requirements or to receive such approvals, may prevent or limit our ability to complete the acquisitions as well as expose us to legal proceedings prior or following the consummation of such acquisitions. In some cases, such proceedings, if initiated, may conclude in a requirement to divest portions of the acquired business; (xiii) the failure to successfully complete the integration associated with the transaction (including integrating any acquired technology into our products), which may cause new markets we were aiming for not to materialize or in which competitors may have a stronger market position; or (xiv) we may fail to effectively obtain the desired technological improvement.

Furthermore, we compete for acquisition and investment opportunities with other well-established and well-capitalized entities. There can be no assurance that we will be able to identify acquisition or investment opportunities upon favorable terms. As a result, the anticipated benefits or cost savings of such acquisitions or other restructuring activities may not be fully realized, or at all, or may take longer to realize than expected. Acquisitions involve numerous risks, any of which could harm our business, results of operations cash flow and financial condition as well as the price of our ordinary shares.

Technology in the markets in which we operate is rapidly evolving, and we may not be able to adequately predict these changes or keep pace with emerging industry standards, which could lead to a loss of revenues or adversely affect our profits.

The markets for our products are characterized by changing technology, evolving industry standards, changes in end-user requirements and new product introductions. Our future success will depend on our ability to accurately predict new market needs and requirements and to enhance accordingly our existing products and develop and introduce new technologies for the markets in which we operate. These products must keep pace with technological developments and address the increasingly sophisticated needs of our customers. If we fail to anticipate correctly, or if we are unable to keep pace with, technological changes, products offered by our competitors or emerging industry standards, our ability to generate revenues may be negatively affected. Adopting new technologies may also result in material inventory write-offs which would adversely affect our results of operations. We cannot assure you that we will successfully forecast technology trends or that we will anticipate innovations made by other companies and respond with our own innovation in a timely manner, which could affect our competitiveness in the market.

Fluctuations in currency exchange rates may result in additional expenses being recorded or in the prices of our products becoming less competitive and thus may have negative impact on our profitability.

We are a global company operating in a multi-currency environment. A substantial portion of our revenues is denominated in U.S. dollars, while a significant portion of our expenses, particularly the costs of our Israeli operations, such as personnel, subcontractors, materials and facility-related costs, are incurred in NIS. Consequently, a decrease in the value of the U.S. dollar relative to the NIS, as has been recently experienced, directly increases our costs when expressed in U.S. dollars. This currency mismatch negatively affects our operating margins, profitability, and overall financial results. We may, from time to time, take various measures designed to reduce our exposure to these effects, but any such steps may be inadequate to protect us from currency rate fluctuations. In addition, although our sales are denominated in U.S. Dollars, in certain territories (currently, China, Europe and Japan) our products' prices may be denominated in local currencies, and much of our service income in these territories is denominated in local currencies. If there is a significant devaluation in the relevant local currencies in which we operate compared to the U.S. Dollar, we may be required to increase those prices and as a result our products and services may become less competitive.

Tariffs could have an adverse effect on economic conditions and financial markets.

The international environment in which we operate is affected by inter-country trade agreements and tariffs. As a result of recent revisions in the U.S. administrative policy there are, and may be additional, changes to existing trade agreements, greater restrictions on free trade and significant increases in tariffs on goods imported into the United States. Over the course of 2025, the U.S. has continued to impose tariffs on imports from foreign countries, including China. These additional tariffs or any future tariffs or retaliation by another government against such tariffs or policies affects may affect global trade in our markets and have introduced significant uncertainty into our markets.

The application of increased tariffs or continuing uncertainty also may result in an increase to our costs of operation or otherwise limit our commercial opportunities. Any of these events could adversely affect our business, results of operations and financial condition.

Increased cyber-attacks, data breaches, risks and threats, along with changes in privacy and data protection laws could have an adverse effect on our business.

Threats to network and data security are constantly evolving and becoming increasingly diverse and sophisticated. Cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive information and information technology systems, and those of the third parties upon which we rely. During times of war and other major conflicts, we or the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services. Given the substantial increase of cyber-attacks in recent years, we have implemented network security technological, operational and organizational measures and drafted an internal global information technology security policy. This policy, which follows industry best practices and focuses on Camtek's network and information security, was reviewed by our audit committee and board of directors. It is also possible that our digital assets and business processes could be jeopardized, compromised or halted via cyber-attacks, without being noticed for some time. Although we have not yet experienced any cyber-attacks that have materially affected our operations, we have experienced several failed attempts to penetrate our systems and cannot fully provide assurance that any potential cyber incidents will not have a material impact on our company in the future. Even though we have invested in implementing various cyber security solutions in our networks and systems, in order to mitigate and reduce our exposure to these cyber risks, we can provide no assurance that our current digital assets are fully protected against all sorts of cyber-attacks by malicious third parties. We have purchased a cyber-liability insurance policy to cover certain security and privacy damages. However, we cannot be certain that our coverage will be adequate for liabilities actually incurred.

As detailed above, due to the direct hostilities between Israel, Iran and other Iranian proxies, Israeli and Israeli associated companies have become more frequently the target of cyberattacks. Since the escalation of the heated relationship with Iran, attackers associated with Iran have led a wave of cyberattacks against Isareli public institutions as well as private companies. As such, the risk of a cyberattack against our information technology systems and data security has become heightened.

We are subject to various regulations and standards relating to data privacy and security. Failure to comply with any applicable privacy, security or data protection laws, regulations, standards or other requirements could have an adverse effect on our business prospects, results of operations, and financial condition.

The regulatory framework for data and privacy protection issues is rapidly evolving worldwide. Comprehensive data protection laws, including the General Data Protection Regulation (“**GDPR**”), which imposes stricter obligations and provides for greater penalties for noncompliance. Additionally, laws in all 50 U.S. states require businesses to provide notice to parties whose personally identifiable information has been disclosed as a result of a data breach. The laws are not consistent, and compliance in the event of a widespread data breach is costly. Furthermore, California enacted the California Consumer Privacy Act, or the CCPA, which provides for civil penalties for violations, as well as a private right of action for data breaches. The California Privacy Rights Act, or the CPRA, significantly modifies the CCPA, potentially resulting in further uncertainty as the California Privacy Protection Agency is still working to promulgate final rules. In addition, failure to comply with the Israeli Privacy Protection Law 1981 (the “**PPL**”) and its regulations, as well as the guidelines of the Israeli Privacy Protection Authority, may expose us to administrative fines, civil claims (including class actions) and, in certain cases, criminal liability. In August 2025, a comprehensive amendment to the PPL became effective. This amendment enhanced the enforcement powers of the Israeli Privacy Protection Authority, granting it significant authority to impose administrative fines for non-compliance. The amendment also introduced broader oversight capabilities and mechanisms for monitoring adherence to privacy guidelines, thereby increasing compliance requirements for organizations handling personal data in Israel. As a result, there has been a noticeable increase in enforcement activity by the Privacy Protection Authority in this area. Other pending legislation may result in a change to the current enforcement measures and sanctions. New privacy laws add additional complexity, requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs, and could result in increased compliance costs and/or changes in business practices and policies. Any inability to adequately address privacy and security concerns or comply with applicable privacy and data security laws, rules and regulations could have an adverse effect on our business prospects, results of operations and/or financial position.

The use or anticipated use of new and evolving technologies, such as AI, by us or third parties may increase or create new operational risks.

We integrate, and expect to continue integrating, AI and other evolving technologies into our business operations to achieve potential benefits such as increased operational efficiencies. However, these technologies pose significant risks, including flawed or biased algorithms, insufficient or poor-quality data sets, and inappropriate data practices that could impair results. If AI-based analyses are or are perceived to be deficient, inaccurate, or biased, we could face competitive harm, legal liability, and reputational damage. The introduction and rapid evolution of AI may also result in enhanced compliance requirements, governmental or regulatory scrutiny, litigation, and confidentiality or security risks, requiring significant resources to ensure proper implementation in accordance with applicable laws and regulations. If improperly managed, increased reliance on AI could damage our reputation, result in the loss of valuable property and information, cause us to breach applicable laws and regulations, and adversely impact our business.

Semiconductors and semiconductors equipment manufacturing is dependent on global supply chain of materials and components. Shortage in capacity of suppliers in face of growing demand or disruption to the global supply of electronic components, including integrated circuits, may have, an adverse effect on the lead-time for our components and increase in their prices.

The global demand for electronic components has experienced a sharp increase, with a growing number of industries dramatically increasing their demand and consumption. If we are unable to obtain components in a timely manner to fulfill our customers’ demand on technology and production capacity, or at a reasonable cost, we may be unable to meet commitments under our contracts with customers, which could expose us to substantial liquidated damages and other claims and could materially and adversely affect our results of operations, financial condition, business and prospects. In the current highly competitive business environment, our customers require us to fill orders within a very short period of time. Our products are complex and require essential components and subsystems that are produced by a number of suppliers and subcontractors. In order to meet our customers’ needs in the timeframe they require, we usually need to pre-order components and subsystems based on our forecasts of future orders, rather than on actual orders. While we believe that we have sufficient inventory to fill our customers’ orders, our predictions may not correspond to our actual future needs and our suppliers and subcontractors cannot always supply such components and subsystems within a shorter than anticipated time frame; this concern is heightened due to the supply chain obstacles detailed above. Our inability to anticipate rapid market changes or the implications of the global components shortage may cause an increase of inventory which could result in material inventory write-offs, which we have incurred in the past, or may alternately limit our ability to satisfy customer orders, which could result in the loss of sales and could cause customers to seek products from our competitors. Additionally, since February 28, 2026, the war situation between Iran and Israel, the U.S., and other countries in the region has contributed to disruptions to regional air travel and to maritime traffic through critical routes, including increased risk and disruption around the Strait of Hormuz, and broader impacts on energy and freight markets. In addition, following the February 28, 2026 strikes, Houthi officials indicated an intent to resume missile and drone attacks against commercial shipping in and around the Red Sea and Gulf of Aden, which could lead to diversions, longer transit times, and higher shipping and insurance costs. To date, we have successfully managed our supply chain, but if these factors continue or become more severe, they may have an adverse effect on our supply chain and on our ability to fulfill customer orders in a timely manner, which could in turn have an adverse effect on our position in the market and on our business and operations.

We maintain high levels of cash, which subjects us to additional material risks.

Our company maintains a significant amount of our assets in cash or cash equivalent instruments. Such assets are managed in accordance with the provisions our investment policy, which was adopted by our management and our Board's Investment Committee (the "**Investment Committee**") and approved by our Board. Maintaining a significant amount of our assets in cash exposes us to several risks, including the following: (i) The value of our cash holdings can be eroded by inflation. Over time, high inflation rates can significantly decrease the purchasing power of cash, potentially reducing the real value of our liquid assets. While our cash reserves are managed and invested by our finance team, with the assistance of external professional counsels, and under the supervision of our Investment Committee, we may not efficiently and effectively manage our funds to yield sufficient interest levels, and as a result may fail to protect our cash reserves against inflation influences; (ii) Concentration of our cash in few financial institutions or instruments may pose a risk if a banking counterparty faces liquidity or solvency issues; (iii) If our cash is held in different currencies, we face the risk of currency fluctuations, which can adversely affect the value of our cash holdings and our financial results when these amounts are repatriated or converted into our reporting currency; and (iv) The interest income generated from our high levels of cash may be subject to taxation at rates that may vary from our expectations. While we base our tax positions upon professional accountants' opinions interpreting tax laws and guidance, tax authorities may challenge such interpretations and levy taxes greater than we anticipate. We continuously evaluate the most effective use of our cash, but there can be no assurance that our strategies will yield the best possible returns for our shareholders or safeguard the value of our cash reserves.

We may face significant risks and uncertainties in developing and introducing new products that may adversely affect our revenue, profitability and competitive position.

We operate in a highly competitive and rapidly evolving industry that requires us to continuously develop and introduce new products that meet the changing needs and expectations of our customers and the semiconductor device manufacturing technology. Developing and introducing new products involves significant technical, operational, regulatory and financial challenges and uncertainties, such as:

- the ability to anticipate and respond to customer requirements and preferences;
- the ability to obtain and maintain necessary intellectual property rights and licenses;
- the ability to obtain and maintain necessary certifications and approvals from relevant authorities and standards bodies;

- the ability to source, manufacture and deliver high-quality components and systems in a timely and cost-effective manner;
- the ability to achieve and maintain adequate levels of performance, reliability, functionality and compatibility of our products;
- the ability to price our products competitively and profitably;
- the ability to market and sell our products effectively and efficiently;
- the ability to manage inventory levels and avoid obsolescence or excess inventory;
- the ability to withstand and mitigate potential product liability claims, warranty claims, recalls, defects, errors, failures, breaches, cyberattacks or other disruptions;
- the ability to cope with potential changes in trade policies, tariffs, sanctions, export controls or other regulatory or geopolitical factors that may affect our global operations and supply chain; and
- the ability to protect our products and systems from unauthorized use, copying, modification or reverse engineering.

If we fail to successfully develop and introduce new products that gain general market acceptance, or if we experience delays, difficulties, defects or disruptions in doing so, we may not be able to generate sufficient revenue and cash flow to recover our investments, which may result in a write down of inventory. We may also lose market share, customer loyalty, competitive advantage and reputation, and face pricing pressure and litigation risk. Any of these consequences could adversely affect our revenue, profitability and competitive position.

We occasionally use Open Source codes during our development process and in our software products. An unintentional breach of Open Source licenses might compel us to publish certain confidential and proprietary codes, incur damages, and result with intellectual property infringement claims that could be expensive and could disrupt our business.

We occasionally use open source software components under open source licenses. As certain open source copyright licenses may be categorized as “copyleft licenses” that place certain requirements and restrictions on users, we maintain a process to assure the use of permissive licenses that guarantee the freedom to use, modify and redistribute, and creating proprietary derivative works, in order to avoid any limitations on our IP and exposure of confidential proprietary software. Nonetheless, if we do not correctly monitor and manage those licenses, fail to maintain their terms (for example, to provide adequate copyright notices, or avoid modifications) or otherwise fail in identifying limited open source codes, we might be subject to third party copyright and to reciprocity obligation requiring us to make our code open for use by others as well. Such claims may harm our development efforts and competitive advantage and expose us to copyright infringement claims that could be expensive and could disrupt our business.

Our operating results have varied and will likely continue to vary significantly from quarter to quarter and from our expectations for any specific period, making it difficult to predict future results.

Our quarterly operating results have varied in the past and could continue to vary from quarter to quarter or from our expectations for any specific period in the future, as we cannot assure you that we will be able to maintain improving trends and convert our backlog into sales, profitability and positive operating cash flows. This complicates our planning processes, reduces the predictability of our earnings and subjects our stock to price and volume fluctuations. Period-to-period comparisons of our results of operations may not always provide indications of our future performance. Some of the factors that may influence our operating results include: global economic conditions and worldwide demand for electronic equipment; instability in the global markets and in the geopolitical environment that may lead to delays in shipments due to supply chain disruptions caused by geopolitical conflicts such as the changing security situation in the Middle East and past hostilities impacting maritime shipment in the Red Sea, and the ongoing conflict between Russia and Ukraine; changes in demand for our systems; changes made by customers to orders for our systems and/or installation schedules; product introductions and the market penetration period of new products; rapid shifts in industry capacity; the size, timing and shipment of substantial orders; timing of evaluation and qualification of our products by new customers; lack of visibility/low levels of backlog from the preceding quarter; product mixes; pricing of our products; timing of new product, upgrades or enhancements; level of operating expenses such as R&D expenses, agent commissions; fluctuations in interest rates; an outbreak of a contagious disease, which may cause us or our suppliers and/or customers to temporarily suspend our operations in the affected city or country; and our profitability may be seriously harmed by currency fluctuations because most of our revenues are generated in U.S. Dollars, but a significant portion of our expenses is incurred in currencies other than U.S. Dollars (mainly New Israeli Shekels). In light of these factors and the cyclical nature of the markets we target, we expect to continue to experience significant fluctuations in our quarterly operating results.

A longer sales process for new products may increase our costs and delay time to market of our products, both of which may negatively impact our revenues, results of operations, cash flow and may result in inventory write-offs.

Our sales process to new and existing customers usually involves: demonstrations and testing against industry benchmarks in our sales centers; sales and technical presentations and presentations regarding our products' competitive advantages; and installation of the systems at the customer's site for side-by-side competitive evaluations for a period of approximately six months. More evaluation time is devoted during the initial market penetration period for new products such as new products under our Eagle product line, and for new customers in new markets, since these circumstances usually require qualification of the systems by the customers and engineering efforts to fix errors, customize tasks and add new features. This evaluation time may be further extended in sales involving multiple new products. Considering the above factors, the length of time until we recognize revenue can vary and affect our revenues, and results of operations. The long sales process may cause an increase in inventory levels and a risk for inventory write downs and write-offs; for more details regarding recent inventory write downs and write-offs see Item 5.A – "*Operating Results – Critical Accounting Policies – Valuation of Inventory*".

We depend on our intellectual property and litigation to enforce or defend our intellectual property rights may be costly and expose us to risks. If we are unable to protect our proprietary technologies, we may not be able to compete effectively as well as incur significant expenses.

Our intellectual property, including our patents, is material to the conduct of our business. Our success depends on our continued ability to use our intellectual property and on the adequate protection and enforcement of such intellectual property. There can be no assurance that the steps we take to protect and maintain our rights in our intellectual property will be adequate, or that third parties will not infringe, misappropriate or violate our intellectual property. If any of our efforts to protect our intellectual property is not adequate, or if any third party infringes, misappropriates or violates our intellectual property, the value of our products may be harmed. As a result, if we are unable to successfully protect, maintain, or enforce our rights in our intellectual property, there could be a material adverse effect on our business and results of operations. In addition, to the extent that we do, from time to time, institute litigation to enforce our intellectual property rights, such litigation could result in substantial costs and diversion of resources and could negatively affect profits, regardless of whether we are able to successfully enforce such rights. Third parties, including one of our competitors in the field of semiconductor wafer inspection equipment, previously asserted claims, and may assert additional claims in the future, that we have infringed their patents or intellectual property rights. We may in the future face such intellectual property claims against us, which, even if without merit, could lead to protracted litigation, could cause delays in introducing new products, could be costly to defend and could divert management's attention from our business. As a result, any such claim could harm our business and cause a decline in our results of operations and financial condition, which in turn may materially and adversely affect our business and results of operations. Successful claims against us could impose on us monetary awards for damages, as well as for plaintiff's attorney's fees and other costs, and could limit our ability to sell products in certain jurisdictions. Additional costs and expenses may also be incurred in the event of out of court settlement of claims against us, which could result in monetary consequences and affect our profitability. We differentiate our products and technologies from those of our competitors by using our intellectual property for the development of our products. We rely on a combination of patents, copyrights, trade secrets, trademarks, confidentiality and non-disclosure agreements to protect our intellectual property. These measures may not be adequate to protect our proprietary technologies and it may be possible for a third party, including a competitor, to copy or otherwise obtain and use our products or technologies without authorization or to develop similar technologies independently. The inability to protect our intellectual property may affect our competitive advantage and we may incur significant expenses.

We depend on a number of key personnel who would be difficult to replace.

Our continued growth and success significantly depend on the managerial and technical skills of the members of our senior management and key employees. If our operations rapidly expand, we believe that we will need to promote and hire qualified engineering, administrative, operational, financial and marketing personnel. In particular, we may find it difficult to hire key personnel with the requisite knowledge of our business, products and technologies. The process of locating, training and successfully integrating qualified personnel into our operations can be lengthy and expensive. During periods of economic growth, competition for qualified engineering and technical personnel is intense.

Compliance with environmental, social, governance, health, and other laws, regulations, and disclosure rules and potential liabilities could materially impact our business, results of operations and financial condition.

Due to our global operations, we must comply with certain international and domestic laws, disclosure requirements, export control regulations and restrictions which may expose our business to risks. In addition, our business is subject to numerous domestic laws and regulations designed to protect the environment, including with respect to discharges and management of hazardous substances, wastes and emissions and soil and ground water contamination. The failure to comply with current or future environmental requirements could expose us to criminal, civil and administrative charges and monetary liability. We believe that we have complied with these requirements and that such compliance has not had a material adverse effect on our results of operations, financial condition or cash flows. Although we are not presently aware of any liability that could be material to our business, financial condition or operating results, due to the nature of our business and environmental risks, we cannot provide assurance that any such material liability will not arise in the future. A number of our customers have adopted, or may adopt, procurement policies that include environmental, social and governance responsibility provisions or requirements that their suppliers should comply with, or they may seek to include such provisions or requirements in their procurement terms and conditions. If we are unable to comply or are unable to cause our suppliers or contract manufacturers to comply, with such policies or provisions or meet the requirements of our customers and our investors, a customer may stop purchasing products from us, which could harm our reputation, revenue, and results of operations.

Climate change, or legal or regulatory measures to address climate change, may negatively affect us.

Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to our operations. Changes in climate patterns leading to extreme heat waves or unusual cold weather at some of our locations can lead to increased energy usage and costs, or otherwise adversely impact our facilities and operations and disrupt our supply chains and distribution systems. Concern over climate change can also result in new or additional legal or regulatory requirements designed to reduce greenhouse gas emissions or mitigate the effects of climate change on the environment. Any such new or additional legal or regulatory requirements may increase the costs associated with, or disrupt, sourcing, manufacturing and distribution of our products, which may adversely affect our business and financial results. In addition, our adoption of certain standards or mandated compliance to certain requirements could necessitate additional investments that could impact our cash position and expected cash runway.

We may fail to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

The Sarbanes-Oxley Act of 2002 (the “**Sarbanes Oxley Act**”) imposes certain duties on us and our executives and directors, including the requirements of Section 404 (Assessment of Internal Control), which requires (i) management’s annual review and evaluation of our internal control over financial reporting and (ii) an attestation report issued by an independent registered public accounting firm on our internal control over financial reporting, in connection with the filing of our Annual Report on Form 20-F for each fiscal year. We have documented and tested our internal control systems and procedures in order for us to comply with the requirements of Section 404. Our efforts to comply with such requirements have resulted in increased general and administrative expenses and a diversion of management time and attention, and we expect these efforts to require the continued commitment of resources. In addition, while our assessment of our internal control over financial reporting resulted in our conclusion that as of December 31, 2025, our internal control over financial reporting was effective, we cannot predict the outcome of our testing in future periods. If we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting. Failure to maintain effective internal control over financial reporting could result in investigation or sanctions by regulatory authorities and could have a material adverse effect on our operating results, investor confidence in our reported financial information, and the market price of our ordinary shares.

Risk Factors Related to Our Ordinary Shares

Our share price and trading volumes have demonstrated significant volatility in the past and may continue to fluctuate in the future. Such share price volatility could limit investors’ ability to sell our shares at a profit, could limit our ability to raise funds successfully and may cause additional exposure for securities class action litigation.

The stock market in general and the market price of our ordinary shares, in particular, are subject to fluctuation. As a result, changes in our share price may be unrelated to our operating performance. The price of our ordinary shares has experienced significant volatility in the past and may continue to do so in the future. During the period from January 1, 2025 through March 4, 2026, the closing price of our ordinary shares ranged from \$47.41 to \$174.61 per share. The price volatility of our shares and periodic volatile trading volume may make it difficult for investors to predict the value of their investment, to sell shares at a profit at any given time or to plan purchases and sales in advance. A variety of factors may affect the market price and the trading volume of our ordinary shares, including: global economic conditions, which generally influence stock market prices and volume fluctuations, including as a result of the effects of inflation, interest rates and the current war between Russia and Ukraine; investors’ views of the attractiveness of our new products; changes in expectations as to our future financial performance and/or announcements of actual results that vary significantly from such expectations; the announcement by us or our competitors of corporate transactions, merger and acquisition activities or other similar events impacting our financial performance; changes in financial estimates by securities analysts; our earnings releases and the earnings releases of our competitors; market conditions relating to our customers’ industries; announcements of technological innovations or new products by us or our competitors; other announcements, whether by us or others, referring to our financial condition, results of operations and changes in strategy; large block transactions in our ordinary shares; additions or departures of our key personnel; future offerings or sales of our ordinary shares; and announcements of significant claims or proceedings against us. Many of these factors are out of our control, and we believe that period-to-period comparisons of our financial results will not necessarily be indicative of our future performance.

Moreover, the market prices of equity securities of companies that have a significant presence in Israel may also be affected by the changing security situation in the Middle East and particularly in Israel. As a result, these companies may experience volatility in their share prices and/or difficulties in raising additional funds required to effectively operate and grow their businesses. Thus, market and industry-wide fluctuations and political, economic and military conditions in the Middle East may adversely affect the trading price of our ordinary shares, regardless of our actual operating performance. Further, as a result of the volatility of our stock price, we could be subject, and were subject in the past, to securities litigation, which could result in substantial costs and could divert management’s attention and Company resources from business. Securities class action litigations are being brought from time to time against companies following periods of volatility in the market price of their securities, and in the past, one was brought against us. Although this claim was dismissed, we cannot guarantee that similar litigation would not be brought against us in the future.

Sales of our ordinary shares may depress our share price.

Offerings of ordinary shares by us and any issuances or sales of a substantial number of ordinary shares in the public market or otherwise, or the perception that such sales may occur, could cause the market price of our ordinary shares to decline or could impair our ability to raise capital through a future sale of our ordinary shares. In addition, we have issued a substantial number of ordinary shares in connection with the settlement of restricted stock units (“RSUs”) and exercise of options to purchase our ordinary shares, and in the future we may issue additional shares in connection with the exercise of existing options, which are eligible for, or may become eligible for, unrestricted resale. Any sales of such shares in the public market or otherwise could reduce the prevailing market price of our ordinary shares, as well as make future sales of ordinary shares by us less attractive or not feasible, thus limiting our capital resources.

Our principal shareholders, Prioritech and Chroma, hold a controlling interest in us and have the ability to exercise their control in ways that may be adverse to the interests of our other shareholders. Our relationship with Prioritech and Chroma may give rise to a conflict of interests.

As of March 5, 2026, Prioritech Ltd. (“**Prioritech**”) and Chroma ATE Inc. (“**Chroma**”), beneficially hold in the aggregate 38.04% of our issued and outstanding ordinary shares. As a result of the voting agreement between Prioritech and Chroma, according to which they vote together in Camtek’s shareholders meetings and therefore are deemed to be joint controlling shareholders of Camtek, they have the ability to influence the outcome of certain matters submitted to a vote of Camtek’s shareholders, including the election of members of its board of directors and the approval of significant corporate transactions. This concentration of ownership may also have the effect of making it more difficult to obtain approval for a change in control of Camtek. Mr. Rafi Amit, our Chief Executive Officer, and Mr. Yotam Stern, a member of our Board, hold, as of March 5, 2026, an aggregate of approximately 29.26% of the voting power at Prioritech’s general meeting of shareholders, through a voting agreement with David Kishon, Itzhak Krell (deceased) (through Eyal Krell, Israel Shai Krell and Galit Drori Krell), Haim Langmas (deceased), Zehava Wineberg (deceased) and Hanoch Feldstien (including the estates of the foregoing deceased founders, the “**Prioritech Founding Members**”), governing inter-alia joint voting at Prioritech’s general meetings of shareholders and the right of first refusal among themselves (the “**Prioritech Voting Agreement**”), and as such may be deemed to control Prioritech, together with the Prioritech Founding Members. Messrs. Amit and Stern also hold various positions in Prioritech and its affiliated companies, which may give rise to conflicts of interest. Mr. Amit, who serves as our Chief Executive Officer on a 90% position, acts as a member of Prioritech’s board of directors and provides management services to Prioritech on a 10% basis. Mr. Stern holds several other positions in the Prioritech group including the position of Chief Executive Officer at Prioritech. In addition, in the framework of the series of definitive agreements signed in February 2019, in which Chroma acquired ordinary shares from Prioritech and additional new shares were issued to Chroma by Camtek, Leo Huang, the chairman of the board of directors and a controlling shareholder of Chroma, and I-Shih Tseng, a director and Business Unit President of Chroma, were appointed to serve as members of our board of directors, which may give rise to conflicts of interest. Despite our efforts to conduct ourselves by Israeli law procedural requirements concerning interested party transactions, including with respect to audit committee, board of directors and shareholder approvals (including the special majority requirement in appropriate cases), we cannot be certain that the possible conflicts of interest in any of these transactions and activities is fully eliminated. For more details regarding our senior management arrangements, see Item 6.B - “**Compensation – Employment Agreements**” below.

If we are classified as a passive foreign investment company, our U.S. shareholders may suffer adverse tax consequences.

There is a risk that we may be classified as a passive foreign investment company (“PFIC”). Our treatment as a PFIC could result in a reduction in the after-tax return of U.S. holders of our ordinary shares and may generally cause a reduction in the value of our shares. For U.S. federal income tax purposes, we will generally be classified as a PFIC for any taxable year in which either: (i) 75% or more of our gross income is passive income, or (ii) at least 50% of the average value of our total assets (generally determined on a quarterly basis) for the taxable year consist of assets that produce or are held for the production of passive income. Based on an analysis of our current income, assets, activities and market capitalization and expectations about our future, income, assets, activities and market capitalization, we do not believe that we were a PFIC for the taxable year ended December 31, 2025, and do not expect to be a PFIC for the current year or in the foreseeable future. However, there can be no assurance that the U.S. Internal Revenue Service (“IRS”) will not challenge our analysis or our conclusion regarding our PFIC status. This is a factual determination that must be made annually after the close of each taxable year. The value of our assets for purposes of the PFIC determination may be determined by reference to the public price of ordinary shares, which could fluctuate significantly. Therefore, there can be no assurance that we will not be classified as a PFIC for the current taxable year or in the foreseeable future. If we were a PFIC at any time when a U.S. holder acquired or held our ordinary shares, such U.S. holder generally will be subject to the PFIC rules with respect to such ordinary shares. If we were determined to be a PFIC for U.S. federal income tax purposes, highly complex rules would apply to U.S. holders owning our ordinary shares and such U.S. holders could suffer adverse U.S. tax consequences. For more information, please see Item 10.E below - “*U.S. Federal Income Tax Considerations—Tax Consequences if We Are a Passive Foreign Investment Company*”.

Our ordinary shares are traded on more than one market and this may result in price variations.

In addition to being traded on the Nasdaq Global Market, our ordinary shares are traded on the Tel Aviv Stock Exchange (“TASE”). Trading in our ordinary shares on these markets take place in different currencies (U.S. Dollars on Nasdaq and NIS on TASE) and at different times (resulting from different time zones and public holidays in the United States and Israel). The trading prices of our ordinary shares on these two markets may differ due to these and other factors. Any decrease in the price of our ordinary shares on one market could cause a decrease in the trading price of our ordinary shares on the other market.

Risk Factors Related to Our Operations in Israel

Conditions in the Middle East and Israel may adversely affect our operations.

Our headquarters and main facility (the sole manufacturing and integration facility of the majority of our product lines are located in the North of the State of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly influence our operations. Specifically, we could be adversely affected by hostilities involving Israel; the interruption or curtailment of trade between Israel and its present trading partners; a downturn in the economic or financial condition of Israel; and a full or partial mobilization of the reserve forces of the Israeli army.

As of the date hereof, the broader regional security environment remains unstable, as more fully elaborated in “The impact of regional instabilities and continued hostilities could impede our ability to operate and develop, manufacture and deliver products and components and harm our business and financial results” above.

In addition, there are concerns that companies and businesses will terminate, and may have already terminated, certain commercial relationships with Israeli companies following ongoing efforts by countries, activists and organizations to boycott the State of Israel and related entities and companies. The foregoing efforts, particularly if they become more widespread, as well as rulings by the ICJ, ICC and other international tribunals, may adversely impact our ability to cooperate with research institutions and collaborate with other third parties. Further deterioration of Israel’s relationship with the Palestinians or countries in the Middle East could expand the disruption of international trading activities in Israel, may materially and negatively affect our business conditions, could harm our results of operation and adversely affect the Company’s share price.

Our business may also be disturbed by the obligation of personnel to perform military service. Our employees who are Israeli citizens are generally subject to a periodic obligation to perform reserve military service, generally until they reach the age of 45 (or older, for reservists with certain occupations), but during military conflicts, these employees may be called to active duty for longer periods of time. In case of further regional instability such employees, who may include one or more of our key employees, may be absent for extended periods of time which may materially adversely affect our business. Furthermore, our Company's insurance does not cover loss arising out of events related to the security situation in the Middle East. While the Israeli government generally covers the reinstatement value of direct damages caused by acts of war or terror attacks, we cannot be certain that such coverage will be maintained.

Another risk for political, social and economic instability in Israel is associated with the extensive changes that began in early 2023 by the current Israeli government with respect to Israel's judicial system. In response to such developments, individuals, organizations and financial institutions, both within and outside of Israel, have voiced concerns that the proposed changes may negatively impact the business environment in Israel. Such proposed changes may also adversely affect the labor market in Israel or lead to political instability or civil unrest. To the extent that any of these negative developments do occur, they may have an adverse effect on our business, our results of operations and our ability to raise additional funds, if deemed necessary by our management and board of directors, and to attract or retain qualified and skilled "talents" and personnel. We can give no assurance that the political, economic and security situation in Israel will not have a material adverse impact on our business in the future.

Moreover, after several credit rating downgrades in recent years, on November 7, 2025, S&P Global Ratings revised its outlook on Israel to "stable" from "negative", while affirming the "A" rating. Despite this stabilization in outlook by S&P, other agencies, including Moody's, continued to maintain a negative outlook as of late 2025, citing persistent exposure to geopolitical risks and a polarized political system.

Our ability to take advantage of Israeli government programs and tax benefits may change, which could increase our tax expenses.

We have previously participated in certain Israeli government programs and enjoyed certain tax benefits, particularly tax exemptions, resulting from our "Approved Enterprise" status, provided to us due to our manufacturing facilities in Israel. In order to continue to be eligible for these programs, or similar programs, and tax benefits, we must continue to meet certain conditions, including making specified investments in fixed assets and equipment. If we fail to meet such conditions in the future, these tax benefits could be cancelled, and we could be required to refund any tax benefits already received. Further, these programs and tax benefits may not continue in the future at their current levels or at any level. The termination or reduction of these tax benefits would likely increase our tax liability. For information regarding the above-mentioned tax benefits, see Item 10.E- "*Taxation – Israeli Taxation - Tax Benefits under the Law for the Encouragement of Capital Investments, 1959*" Below.

The government grants we received for know-how research and development expenditures impose certain restrictions on utilization of the funded grants and may expose us to payment of royalties in connection with the commercialization thereof.

We have received government grants from the Israel Innovation Authority (the "IIA") for the financing of a portion of our research and development expenditures over the years. Although we repaid 100% of the amount of the grant (as adjusted for fluctuation in the USD/NIS exchange rate) and currently are not utilizing any Financed Know-How (as defined below), even following full repayment of any IIA grants (together with the applicable interest), and unless otherwise agreed by the applicable authority of the IIA, we must nevertheless continue to comply with the requirements of the Encouragement of Industrial Research and Development Law, 1984 and the regulations promulgated there under (together, the "**R&D Law**"), with respect to technologies the development of which was financed by approved R&D program using financing from such grants ("**Financed Know-How**"). In addition to the obligation to pay royalties to the IIA, the R&D Law requires that products which incorporate Financed Know-How be manufactured in Israel and prohibits the transfer of the Financed Know-How and any right derived therefrom to third parties, unless otherwise approved in advance by the IIA. Such prior consent may be given by the IIA subject to payment of increased royalties. Although as of the date of this Annual Report, no Financed Know-How is used or incorporated in our current or currently anticipated product lines, these restrictions and requirements for payment could in the future – if and as applicable – impair our ability to sell such Financed Know-How, or to outsource or transfer manufacturing activities with respect to any product or technology based on Financed Know-How, outside of Israel. Furthermore, the consideration available to our shareholders in a transaction involving the transfer outside of Israel of Financed Know-How (such as a merger or similar transaction) may be reduced by any amounts that we are required to pay to the IIA. For more information regarding the above-mentioned and other restrictions imposed by the R&D Law and regarding grants received by us from the IIA (and the repayment thereof), see Item 4.B - "*Business Overview – The Israel Innovation Authority*" below.

It may be difficult to enforce a U.S. judgment against us or our officers and directors, or to assert U.S. securities law claims in Israel.

We are incorporated under the laws of the State of Israel. Service of process upon our directors and officers, all of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, because the majority of our assets and all of our directors and officers are located outside the United States, any judgment obtained in the United States against us or any of them may not be collectible within the United States. Further, it may be difficult for an investor to assert U.S. securities law claims in original actions instituted in Israel or obtain a judgment based on the civil liability provisions of U.S. federal securities laws. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws against us or our officers and directors reasoning that Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear such a claim, it is not certain whether Israeli law or U.S. law will be applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. A judgement granted by US Courts may be enforced in Israel subject to various statutory requirements which are procedural in essence.

Being a foreign private issuer exempts us from certain SEC requirements and Nasdaq Rules, which may result in less protection than is afforded to investors under rules applicable to domestic issuers.

We are a “foreign private issuer” within the meaning of rules promulgated by the SEC. As such, we are exempt from certain provisions under the Exchange Act applicable to U.S. public companies, including: the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q and current reports on Form 8-K; the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of securities registered under the Exchange Act, including extensive disclosure of compensation paid or payable to certain of our highly compensated executives as well as disclosure of the compensation determination process; the provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information; and the sections of the Exchange Act establishing insider liability for profit realized from any “short-swing” trading transaction (a purchase and sale, or sale and purchase, of the issuer’s equity securities within less than six months). On June 4, 2025, the SEC published a concept release inviting public comment on whether, and how, it should revise the definition of foreign private issuer in light of changes in the demographics of foreign private issuers in the years since the definition was originally adopted. As of the date of this Annual Report, changes to the foreign private issuer definition have not been enacted, however any such change, if applicable to us, could have significant implications on our ability to maintain our foreign private issuer status.

In addition, we are permitted to follow certain home country corporate governance practices and law instead of those rules and practices otherwise required by Nasdaq for domestic issuers. For instance, we have relied on the foreign private issuer exemption with respect to shareholder approval requirements for equity-based compensation plans, with respect to the Nasdaq requirement to have a separate compensation committee and a formal charter for such committee, and with respect to the quorum requirement for the convening of general meetings of shareholders; See in Item 16G. “*Corporate Governance*” below. Following our home country corporate governance practices, as opposed to the requirements that would otherwise apply to a U.S. company listed on Nasdaq, may provide less protection to investors than is afforded under the Nasdaq Rules applicable to domestic issuers.

Provisions of Israeli law may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets.

Israeli corporate law regulates mergers and acquisitions and requires that a tender offer be effected when certain thresholds of percentage ownership of voting power in a company are exceeded (subject to certain conditions), which may have the effect of delaying, preventing or making more difficult a merger with, or acquisition of, us. See Item 10.B - “*Memorandum and Articles - Anti-Takeover Effects of Israeli Laws; Mergers and Acquisitions Under Israeli Law*” below. Further, Israeli tax considerations may make potential transactions undesirable to us, or to some of our shareholders whose country of residence does not have a tax treaty with Israel, granting tax relief to such shareholders from Israeli tax. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which certain sales and dispositions of shares of the participating companies are restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no actual disposition of the shares has occurred. See Item 10.E - “*Taxation - Israeli Taxation*” below. In addition, in accordance with the Restrictive Trade Practices Law, 1988 and under the R&D Law, approvals regarding a change in control (such as a merger or similar transaction) may be required in certain circumstances. For more information regarding such required approvals please see in Item 4.B - “*Business Overview - The Israel Innovation Authority*” below. In addition, as a corporation incorporated under the laws of the State of Israel, we are subject to the Israeli Economic Competition Law, 1988 and the regulations promulgated thereunder (formerly known as the Israeli Antitrust Law, 1988), under which we may be required in certain circumstances to obtain the approval of the Israel Competition Authority (formerly known as the Israel Antitrust Authority) in order to consummate a merger or a sale of all or substantially all of our assets. These provisions of Israeli law could have the effect of delaying or preventing a change in control and may make it more difficult for a third-party to acquire us, even if doing so would be beneficial to our shareholders and may limit the price that investors may be willing to pay in the future for our ordinary shares.

Shareholder rights and responsibilities are governed by Israeli law which differs in some respects from the rights and responsibilities of shareholders of U.S. companies.

Since we are incorporated under Israeli law, the rights and responsibilities of our shareholders are governed by our articles of association, as amended from time to time (our “*Articles*”) and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in United States-based corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to a company’s articles of association, an increase of a company’s authorized share capital, a merger of a company and approval of related party transactions that require shareholder approval. A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, a controlling shareholder or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of an Office Holder in a company, or who otherwise has the power to direct a company’s operations, has a duty to act in fairness towards such company. Israeli law does not define the substance of this duty of fairness and there is limited case law available to assist us in understanding the nature of this duty or the implications of these provisions. These provisions may be interpreted to impose additional obligations and liabilities on our shareholders that are not typically imposed on shareholders of U.S. corporations.

Item 4. Information on the Company.

A. History and Development of the Company

Our legal and commercial name is Camtek Ltd. We were incorporated under the laws of the State of Israel in 1987 and operate under the Companies Law. Our headquarters are located in Ramat Gavriel Industrial Zone, P.O. Box 544, Migdal Ha’Emek 23150, Israel, and our telephone number is +972-4-604-8100. Other than Israel, we currently have operations in the Asia Pacific region, North America and Europe. Our agent for service of process in the United States is Camtek USA, Inc., located at 1815 NW 169TH PL Ste 1080, Beaverton, Oregon 97006-7365, Tel: 510-624-9905. We have been a public company since July 2000. Our ordinary shares are listed on the Nasdaq Global Market and on the TASE.

In February 2019, we signed a series of definitive agreements, referred to as the “**Chroma Transaction**”, in the framework of which Chroma acquired a total of 6,117,440 ordinary shares from Priortech at a price of \$9.50 per share, and an additional 1,700,000 new shares were issued to Chroma by us, at the same price of \$9.50 per share; as of March 5, 2026, Chroma holds 16.79% of our ordinary shares, while Priortech holds 20.66% of our ordinary shares. The Chroma Transaction was closed in June, 19, 2019 (the “**Chroma Closing Date**”), following the occurrence of closing conditions defined therein, including the approval of the Chroma Transaction by our shareholders in our 2019 annual general meeting of shareholders, dated June 3, 2019 (the “**2019 AGM**”) as well as the grant of approvals by certain regulatory bodies, including the Committee on Foreign Investment in the United States (CFIUS) and the Taiwan Overseas Foreign Investment Commission (MOEAIC).

In addition, we entered into a Technological Cooperation Agreement with Chroma under which we granted Chroma a license for an application under our triangulation technology platform. In addition, Priortech and Chroma entered into a voting agreement according to which they vote together in our shareholders meetings and have joint control over us (the “**Chroma Voting Agreement**”). Under the Chroma Voting Agreement, Chroma is entitled to nominate individuals for two seats on our Board and Priortech is entitled to nominate three members. The remaining seats are held by two external directors. We also entered into a Second Amended and Restated Registration Rights Agreement with Priortech and Chroma, according to which Chroma is entitled to the same rights Priortech has with respect to registration of our shares (see Item 7.B. - “**Related Party Transactions**”).

In November 2020, we issued 4,025,000 ordinary shares in a public offering, which included the full exercise of the underwriters’ option to purchase 525,000 ordinary shares, at a price of \$17.00 per share, raising \$64.3 million net of underwriting discounts and commissions and other offering expenses. In November 2021, we closed an offering of \$200 million aggregate principal amount of 0% Convertible Senior Notes due 2026 (“**2026 Convertible Notes**”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act, which included the full exercise of underwriters’ option to purchase an additional \$25 million of the 2026 Convertible Notes, raising \$194.5 million net of underwriting discounts and commissions and other offering expenses. Following the repurchase of a certain portion of the 2026 Convertible Notes, as described below, and the conversion of an additional portion of outstanding 2026 Convertible Notes, an aggregate amount of \$63,000 of the 2026 Convertible Notes is outstanding as of March 4, 2026.

On November 1, 2023, we announced the closing of the acquisition of FRT for \$100 million in cash. FRT, headquartered in Bergisch Gladbach, Germany, is a leading supplier of high-precision metrology solutions for the Advanced Packaging and Silicon Carbide markets. This acquisition is intended to leverage Camtek’s and FRT’s advanced technologies of Advanced Packaging and Silicon Carbide that require new inspection and metrology steps in the semiconductor manufacturing processes.

On September 11, 2025, we closed an offering of \$500 million aggregate principal amount of 0.00% Convertible Senior Notes due 2030 (the “**2030 Convertible Notes**”) in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act, which included the full exercise of underwriters’ option to purchase an additional \$75 million of the 2030 Convertible Notes, raising \$486.5 million net of underwriting discounts and commissions and other offering expenses, of which we used about \$267.0 million to repurchase approximately \$167.1 million principal amount of our existing 2026 Convertible Notes, with the remainder intended for general corporate purposes.

For a discussion of material cash requirements, including capital expenditures, see Item 5.B - “**Liquidity and Capital Resources**” below.

The SEC maintains an Internet web site at <http://www.sec.gov> that contains reports and other material that are filed through the SEC’s Electronic Data Gathering, Analysis and Retrieval, or EDGAR, system. Our website is located at www.camtek.com. The information on our website is not incorporated by reference into this Annual Report.

B. Business Overview.

Our Business

Camtek is a developer and manufacturer of high-end inspection and metrology equipment for the semiconductor industry. Camtek's systems inspect IC and measure IC features on wafers throughout the production process of semiconductor devices, covering the back-end-of-line (BEOL) of the front-end and mid-end and up to the beginning of assembly (Post Dicing). Camtek's systems inspect wafers for the most demanding semiconductor market segments, including Advanced Packaging, Chiplets, HBM, Compound Semiconductors, Memory, CMOS Image Sensors, Power, RF and MEMS, serving the industry's leading global IDMs, OSATs, and foundries.

Semiconductors wafers are scanned under the advanced optic heads (2D Inspection and metrology and 3D metrology) in our systems, and advanced software and algorithms are implemented on the scanned and measured wafers data. As a result, our systems automatically detect and measure good dice and defected dice. Hence, the total end product quality is enhanced by ensuring that that quality of the products to be shipped to end-users. The systems are easy to operate and offer high accuracy and productivity in high volume manufacturing environments. These systems incorporate proprietary advanced image processing software and algorithms, as well as advanced electro-optics and precision mechanics and are designed for easy operation and maintenance. Our global, direct customer support organization provides responsive, local pre- and post- sales support for our customers through our wholly owned subsidiaries located in 8 offices around the world.

On November 2023, Camtek completed the acquisition of FRT. FRT, headquartered in Bergisch Gladbach, Germany, is a leading supplier of high-precision metrology solutions for the Advanced Packaging and Silicon Carbide markets.

Inspection and Metrology are implemented at various stages along the semiconductor manufacturing process. Camtek's systems serve various manufacturing stages starting from the Back-end-of-line (BEOL) of the front-end, through Inspection and Metrology of bumps in the mid-end, inspection of wafers and the inspection of post-diced wafers in the back end (Assembly).

Our Markets

The semiconductor manufacturing industry produces integrated circuits mainly on silicon wafers but also on other materials and on compound semiconductors (for example, Silicon Carbide – SiC, Gallium Nitride – GaN, and Gallium Arsenide - GaAS). Each wafer contains numerous integrated dice containing microelectronic devices. The growth of the semiconductor manufacturing industry in the past few years has been driven largely by demand from electronics such as smartphones and the proliferation of applications including the Internet of Things and cloud computing. Continued growth is expected with the enhancements of existing products, and the inclusion of emerging technologies such as AI, as well as rapid growth in automotive, electrical and autonomous vehicles and industrial electronics. The effect of such market growth trends on the demand for Inspection and Metrology systems is driven by three main factors: (i) growing electronic devices manufacturing volume requires more equipment, (ii) applications such as automotive and mobile phones require a higher level of reliability and hence more Inspection and Metrology and (iii) new packaging technologies, such as Chiplets and HBM, require more inspection and metrology steps (as described in more detail below).

In the fast-growing advanced packaging market segment, which includes a wide variety of devices and technologies, new inspection and measurement steps become crucial to ensure a known-good-package. The bumps and hybrid bonding are becoming the main interface instead of the conventional wire bonding. There is a wide variety of bump types and sizes which are used for different packaging technologies. Camtek's systems are equipped with state-of-the-art metrology and inspection capabilities designed to address many of those inspection and metrology steps, including bump height, die stack planarity, RDL dimensions and surface defects. These are examples of typical process steps where inspection and metrology are critical to ensure high quality products.

Wafers with hundreds of millions of bumps in very dense architecture are becoming more common and require 100% inspection and metrology due to the packaging reliability requirements. The high cost of packages which combine multiple dice requires Known Good Dice in order to ensure that each die in the package is fully functional. Camtek's systems are designed to deliver 100% Inspection and Metrology in high volume manufacturing environment, without compromising on throughput and performance. We expect that the two fastest growing segments in advanced packaging will be the Chiplets, which are becoming the standard for high performance computing, and Fan Out Wafer Level Packaging (FOWLP). Camtek's flexible inspection and metrology systems utilize a wide variety of technologies to address the complex requirements of these growing segments.

The shift of memory devices to advanced packaging is growing to support high-end systems. A good example is High Bandwidth Memory (HBM) of DRAM dice stacked on top of each other enabling higher bandwidth at less power consumption. Camtek provides 100% inspection and metrology of all the components in the stack ensuring known-good-package.

Another segment is the CMOS image sensors (“CIS”) used for cameras. With the growing number of cameras in each mobile phone and the increase in the number of pixels per each sensor and reduction in the size of each pixel, a high-resolution inspection is mandatory. Camtek has developed unique capabilities to address these requirements, and its systems are being used by the largest CIS manufacturers.

Compound semiconductors are undergoing a major expansion addressing many new applications and using various materials such as SiC, GaN, GaAs and others, to improve the performance of new devices such as Power and Face Recognition applications. Compound semiconductors are also considered a key component in the manufacturing of Silicon Photonics. The compound semiconductors manufacturing process is unique and requires dedicated solutions for Inspection and Metrology. Compound Semiconductors have unique properties, including high temperature and heat resistance, enhanced frequency and faster operation, which are some of the key demands in various advanced applications such as the automotive, AI and mobile devices. Camtek’s offering includes the inspection of epitaxial layers, inner cracks within the epitaxial layer, surface topography, bow measurement, data analysis and more.

During the last couple of years, Camtek has widened its presence in the Back-end-of-Line (BEOL) of the Front End manufacturing process. Camtek’s tools and specifically the Hawk, provide a competitive product that can address the challenges of this market. This includes high-end inspection capabilities with defect size down to 150nm. Camtek has developed capabilities and technologies that are required in this market, such as, high resolution backside inspection, 360Scan and many others.

Product Lines

Inspection and Metrology Systems

Our systems consist of:

- an electro-optical assembly unit which captures the image of the inspected product and which consists of a video camera, precision optics and illumination sources;
- a precise, movable table, that holds the inspected product; and
- an electronic hardware unit, which operates the entire system and includes embedded components that process and analyze the captured image by using our proprietary algorithms.

The inspected and measured product is placed on a designated platform and is scanned under the optical assembly unit. The optical assembly unit then captures images of the product, while the electronic hardware unit processes the image using the analysis algorithms. Detected discrepancies are logged and reported as defects per the user definitions. The image of the defect is immediately available for verification by the system operator. Our systems can also compile and communicate statistical reports of inspection findings via the customer’s factory information system.

We offer a broad range of systems for automated optical Inspection and Metrology of semiconductor wafers. We invest significant resources in R&D to provide our customers with advantageous performance, low cost of ownership, high reliability and ease of operation. We believe that a significant part of our competitive advantage derives from our R&D innovative capabilities which enable us to adapt our technologies to evolving market needs and customers’ requirements.

Over the years, our Inspection and Metrology products for the semiconductor industry included the Falcon, Condor, Gannet and Eagle products lines. As of today, we produce and sell the Eagle platform, the Hawk platform and the MicroProf platform, and have phased out all other models.

Product	Function
Hawk	Launched on February 2025, this brand-new product family – the Hawk – a new cutting-edge platform is engineered for cutting edge advanced packaging: Chiplets, HBM and Hybrid Bonding. Designed for high-end applications such as, the Hawk supports detection of 150 nanometer defects size and measurement of 500 million micro bumps at pitches less than 12 micron
Eagle G5	Launched in September 2024, the Eagle G5 was developed on the well-known Eagle product family and is engineered to deliver unmatched speed and efficiency. Featuring significantly higher throughput and new optimized optics, the Eagle G5 offers higher resolution for enhanced detection and metrology. The system provides innovative solutions for Multi-RDL, FOWLP, 2.5D, and CMOS Image Sensors. With the introduction of Clear-Sight Technology (CSI) for Multi-Layer RDL, the Eagle G5 achieves enhanced detection capabilities, down to 1.4µm L/S at twice the throughput.
EagleT-i / Plus	The Eagle-i system family is designed for high volume 2D inspection, delivering superior 2D inspection and 2D metrology capabilities. The system utilizes the most advanced algorithms enabling detection of down to sub-micron defects and measuring two-micron line and space redistribution layer (“RDL”). The Eagle-i system family includes the EagleT-I and EagleT-I Plus models, which were designed for better accuracy and optical resolutions and higher throughput.
EagleT-AP / Plus	The Eagle-AP system family addresses the fast-growing advanced packaging market using state of the art technologies, both software and hardware, that deliver superior 2D and 3D inspection and metrology capabilities on the same platform. The EagleT-AP metrology capabilities support the wide spectrum of bump sizes and all bump types, including copper pillars, micro-bumps, solder and gold bumps, meeting the advanced packaging market requirements, including measurement of bumps down to 2µm (microns) and providing high throughput. The Eagle-AP system family includes the EagleT-AP and EagleT-AP Plus models, equipped with higher throughput and improved metrology capabilities.
MicroProf® AP	The FRT MicroProf® AP is a fully automated wafer metrology tool for a wide range of applications at different 3D packaging process steps, e.g. for the measurement of photoresist (PR) coatings and structuring, through silicon vias (TSVs) or trenches after etching, µ-bumps and Cu pillars, as well as for the measurement in thinning, bonding and stacking processes. With its modular multi-sensor concept, the flexible MicroProf AP measuring tool is designed to perform a variety of measuring tasks in advanced packaging. We also offer a variety of semi-automated metrology equipment.
Golden Eagle	Designed mainly for Fanout Panel-Level-Package (FO-PLP) applications, Camtek’s Golden Eagle is used for the inspection and metrology of standard panel sizes. The Golden Eagle addresses the challenges of Fanout Wafer Level Packaging (FOWLP), while providing a robust system that addresses high-volume manufacturing requirements.

During 2026 we will offer our AI technology that includes inspection and automatic defects classification.

Customers

We target wafer manufacturers and companies involved in the testing, assembly and packaging of semiconductor devices.

Our customers are semiconductor manufacturers, among them outsourced semiconductor assembly and test (OSAT), integrated device manufacturers (IDMs) and wafer level packaging subcontractors. Our customers, many of whom have multiple facilities, are located throughout Asia, Europe and North America. In 2025, one customer accounted for 11% of total revenues. In 2024, three customers accounted for 15%, 10% and 10% of total revenues, respectively. In 2023, one customer accounted for 15% of total revenues. As of December 31, 2025, our installed base was over 3,000 systems.

The following table shows our revenues classified by geographical region for each of the last three years:

	Year Ended December 31,		
	2025	2024	2023
	U.S. Dollars (In thousands)		
China	243,935	132,556	149,510
Asia Pacific	168,965	133,772	67,773
Korea	36,888	117,135	47,425
United States	28,836	29,282	41,118
Europe	17,448	16,489	9,549
Total	496,072	429,234	315,375

Marketing and Customer Support

We have established a global distribution and support network throughout the territories in which we sell, install and support our products, including the Asia Pacific region, North America and Europe. We believe that this is an essential factor in our customers' decision to purchase our products. We primarily utilize our own employees to provide these customer support services. We may expand our network into additional territories as market conditions warrant.

We have a distribution rights agreement with a Japanese company, under which this company sells, installs and supports our products in Japan.

As of December 31, 2025, 315 of our employees were engaged in our worldwide marketing and support efforts, including support and marketing administration staff. Due to the concentration of customers in the Asia Pacific region, we have significantly expanded our marketing and support teams in this region.

Our marketing efforts include participation in various trade shows and conventions, publications and trade press, product demonstrations performed at our facilities and regular contact with customers by marketing personnel. We generally provide a 12-month warranty to our customers. In addition, for a fee, we offer service and maintenance contracts commencing after the expiration of the warranty period. Under our service and maintenance contracts, we provide prompt local, on-site customer support. Our experienced local teams have been able to install and support our customers throughout the pandemic with virtual support, as needed, from our experts in the headquarters.

We take various measures to secure customers' payment on a case-by-case basis by means of letters of credit. Also, we receive advanced payments before shipment from most customers.

Manufacturing

Our manufacturing activities at our facilities (Israel and Germany) consist primarily of final integration of our products and testing of customer applications. The tools assembly and power-up is done by our sub-contractors. The final integration process at our facilities generally lasts six to twelve weeks.

We rely on single source and limited source suppliers and subcontractors for a number of essential components and subsystems of our products. We have increased our inventories and production capacity to meet our needs. During times of rapid increase in demand in the semiconductor fabrication industry, the delivery time of suppliers in this industry is extended. However, to date, we have been able to obtain sufficient components to meet our needs in a timely manner.

Our manufacturing facilities are located in Migdal Ha'Emek, Israel, and in Bergisch Gladbach, Germany.

The Israel Innovation Authority

We received grants from the IIA for several projects and may receive additional grants in the future. Although we repaid 100% of the amount of the grants (as adjusted for fluctuation in the USD/NIS exchange rate) and currently are not utilizing any Financed Know-How, even following full repayment of any IIA grants (together with the applicable interest), and unless otherwise agreed by the applicable authority of the IIA, we must nevertheless continue to comply with the requirements of the R&D Law with respect to Financed Know-How. In addition to the obligation to pay royalties to the IIA, the R&D Law requires that products which incorporate Financed Know-How be manufactured in Israel and prohibits the transfer of the Financed Know-How and any right derived therefrom to third parties, unless otherwise approved in advance by the IIA. Such prior consent may be given by the IIA subject to payment of increased royalties.

Under the terms of certain IIA plans, to the abovementioned royalties range between 3% to 6% (depending on the terms and conditions of the specific plan and the classification of the company), of the revenues generated from Financed Know-How ("IIA Products"), until 100% of the dollar value of the grant is repaid (plus LIBOR interest applicable to grants received on or after January 1, 1999 and until July 1, 2017; the interest applicable to grants received on or after July 1, 2017, and until January 1, 2024 is: (i) LIBOR interest until December 31, 2023, and (ii) thereafter, 12 months Term SOFR as published in the first trading day of each year by CME Group, or by any other party authorized by the Federal Reserve, or in alternative publication by the Bank of Israel, with the addition of 0.71513%; the interest applicable to grants received on or after January 1, 2024 is 12 months Term SOFR as published in the first trading day of each year by CME Group, or by any other party authorized by the Federal Reserve, or in alternative publication by the Bank of Israel).

Further, the R&D Law imposes reporting requirements on certain companies with respect to changes in the ownership of a grant recipient. The grant recipient, its controlling shareholders, and foreign interested parties of such companies must notify the IIA of any change in control of the grant's recipient or the holdings of the "means of control" of the recipient that result in an Israeli or a non-Israeli becoming an interested party directly in the recipient. The R&D Law also requires the new interested party to undertake to comply with the R&D Law. For this purpose, "control" means the ability to direct the activities of a company (other than any ability arising solely from serving as an officer or director of the company), including the holding of 25% or more of the "means of control", if no other shareholder holds 50% or more of such "means of control." "Means of control" refers to voting rights or the right to appoint directors or the chief executive officer. An "interested party" of a company includes a holder of 5% or more of its outstanding share capital or voting rights, its chief executive officer and directors, someone who has the right to appoint its chief executive officer or at least one director, and a company with respect to which any of the foregoing interested parties owns 25% or more of the outstanding share capital or voting rights or has the right to appoint 25% or more of the directors. Accordingly, in certain cases, any non-Israeli who acquires 5% or more of our ordinary shares may be required to notify the IIA that it has become an interested party and to sign an undertaking to comply with the R&D Law. In addition, the rules of the IIA may require additional information or representations with respect to such events.

As noted above, as of December 31, 2025, we have repaid (including interest accrued by Camtek) all outstanding grant amounts to the IIA. As of the date of this Annual Report, no Financed Know-How is utilized in our current or currently anticipated activities.

Capital Expenditures

The following table shows our capital expenditures in fixed assets for the last three years:

	December 31,		
	2025	2024	2023
	(U.S. Dollars in thousands)		
Machinery and equipment*	8,511	8,719	8,155
Right of use (ROU) assets	3,042	7,035	2,573
Computer equipment and software	1,462	1,651	1,061
Building and leasehold improvements	9,326	4,149	2,974
Vehicles	-	37	34
Office furniture and equipment	111	247	111
Total	22,452	21,838	14,908

* including transfer of inventory to fixed assets in the aggregate of \$4,783, \$4,533, and \$4,541 in 2025, 2024 and 2023, respectively.

Material Effects of Governmental Regulations

The following EU directives, which represent the European standards required for placing products on the EU market, apply to our systems: Machinery Directive 2006/42/EC, Low Voltage Directive (LVD) 2014/35/EU, EMC Directive (EMC) 2014/30/EU, and RoHS2 Directive (RoHS2) 2011/65/EU. In addition, the following SEMI Standards, which define uniform safety and ergonomic requirements for semiconductor fabrication equipment manufacturers, apply to our systems: SEMI S2 (Environmental, Health and Safety Guidelines for Semiconductor Manufacturing Equipment) and SEMI S8 (Ergonomic Guidelines for Semiconductor Manufacturing Equipment). We ensure compliance with the above-mentioned regulatory requirements during the system design and development process, which is carried out in accordance with the Company's certified management systems: ISO 9001:2015 (Quality Management), ISO 45001 (Occupational Health and Safety Management), and ISO 14001 (Environmental Management). Furthermore, all system modules undergo testing by accredited independent laboratories that verify and certify compliance with the applicable regulatory and safety requirements.

C. Organizational Structure

Through its affiliated companies, one of our principal shareholders, Priortech, engages in various aspects of the electronic production, including, advance packaging designs for the semiconductor industry and advanced organic coreless substrate technology. As of March 5, 2026, Priortech holds 9,617,787 of our outstanding ordinary shares and is a party to the Chroma Voting Agreement. Under the Chroma Voting Agreement, Priortech is entitled to nominate three Board members. We have no revenues from sales to affiliates and subsidiaries of Priortech.

The following table shows the Company's subsidiaries, all of which are wholly owned by us or by our subsidiaries (except for Camtek HK Ltd., in which Priortech holds no more than one percent of the voting rights), together with each subsidiary's jurisdiction of incorporation, as of the date of this Annual Report:

Name of Subsidiary	Jurisdiction of Incorporation
Camtek H.K. Ltd.	Hong Kong
Camtek USA Inc.	New Jersey, USA
Camtek (Europe) NV	Belgium
Camtek Germany GmbH	Germany
Camtek Inspection Technology (Suzhou) Ltd.	China
Camtek Japan Ltd.	Japan
Camtek Inspection Technology Limited	Taiwan
Camtek South East Asia Pte Ltd.	Singapore
Camtek Korea Ltd.	South Korea
Camtek Germany Holding GmbH	Germany
FRT GmbH	Germany

D. Property, Plants and Equipment

Our main office, manufacturing and research and development facilities are located in the Ramat Gavriel Industrial Zone of Migdal Ha'Emek in northern Israel. These facilities occupy 164,000 square feet of which 90,800 square feet are devoted to the manufacturing of our products. Our facilities in Germany occupy 15,200 square feet of which 7,000 square feet are devoted to the manufacturing of our products.

Our sales offices and demonstration centers, which we lease in various locations around the world, occupy an aggregate of approximately 68,500 square feet.

Item 4A. Unresolved Staff Comments.

None.

Item 5 Operating and Financial Review and Prospects.

A. Operating Results

General

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the notes to those statements included therein, which have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The following discussion does not address certain items in respect of our fiscal year ended December 31, 2024, in reliance on amendments to disclosure requirements adopted by the SEC. A discussion of our fiscal year ended December 31, 2024 may be found in “Item 5 – *Operating and Financial Review and Prospects*” of our Annual Report on Form 20-F for the fiscal year ended December 31, 2024, filed with the SEC on March 19, 2025.

Overview

We design, develop, manufacture and market automated solutions dedicated for enhancing production processes and yield for the semiconductor fabrication industry, principally based on our Inspection and Metrology core technology; see in Item 4.B *“Business Overview - Our Business”* above.

We sell our systems internationally. The majority of sales of our systems in 2025 were to manufacturers in the Asia Pacific region, including South Korea, China, Taiwan and South East Asia, due to, among other factors, the migration of the electronic manufacturers into this region following the development and growth of electronics industry centers.

In the year ended December 31, 2025, our sales in the Asia Pacific region (mostly China, Taiwan and South Korea) accounted for approximately 91% of our total revenues.

In addition to revenues derived from the sale of systems and related products, we generate revenues from providing maintenance and support services for our products. We generally provide a one-year warranty with our systems. Accordingly, service revenues are not earned during the warranty period.

In regular market conditions, the demand for our systems is characterized by short notice. To meet customers’ needs for quick delivery and to realize the competitive advantage of the ability to do so, we have to pre-order components and subsystems based on our forecast of future orders, rather than on actual orders. This need is compounded by the fact that, in times of increasing demand in our markets, our suppliers and subcontractors tend to extend their delivery schedules or fail to meet their delivery deadlines. To compensate for these unscheduled delays, we build inventories further into the future, which increases the risk that our forecast may not correspond to our actual future needs. The uncertainties involved in these longer-term estimates during regular times of business expansion tend to increase the level of component and subsystem inventories (See also in Item 3.D. - *“Risk Factors - A longer sales process for new products may increase our costs and delay time to market of our products, both of which may negatively impact our revenues, results of operations, cash flow and may result in inventory write-offs”* above and under Item 5.A - *“Operating Results - Critical Accounting Policies - Valuation of Inventory”* below). Compared to our sales cycles for repeat orders from existing customers, we have longer sales cycles for new customers in our markets as well as for new customers in new markets. In addition, the selling cycle in our markets typically takes several quarters from first contact to revenue recognition, including on-site evaluation. Naturally, repeat orders take less time.

Critical Accounting Policies and Estimates

The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to stand alone pricing, allowance for doubtful debts, slow moving inventories, and valuation allowance on deferred tax assets. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Results may differ from these estimates due to actual outcomes being different from those on which we based our assumptions. These estimates and judgments are regularly reviewed by management on an ongoing basis at the end of each quarter prior to the public release of our financial results.

Critical accounting policies are those that, in management's view, are most important to the portrayal of a company's financial condition and results of operations and most demanding on their calls on judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. We believe our most critical accounting policies and estimates relate to:

Stand alone pricing. The Company's contracts with its customers include performance obligations to provide its products or to service the installed products. A product sale contract may include an extended warranty (that is, for longer than the twelve-month standard warranty) as well as installation, both of which are considered separate performance obligations.

The Company recognizes revenue from contracts for sales of products when the Company transfers control of the product to the customer. Revenues from the contract are recognized in an amount that reflects the consideration the Company expects to be entitled to receive once the product is operating in accordance with its specifications and signed documentation of the arrangement, such as a signed contract or purchase order, has been received. Payment terms with customers may vary, but are generally based on milestones within the delivery process such as shipping and installation. Payment terms do not include significant financing components.

The Company does not incur costs in obtaining a contract except for agents' commissions, which are incurred upon the recognition of revenues. Service revenues from maintenance contracts are recognized ratably over the contract period.

Service revenues consist mainly of contracts charged under time and material arrangements. Service revenues from maintenance contracts are recognized ratably over the contract period.

Contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on the prices charged to customers.

The Company's multiple performance obligations consist of product sales, installation services and non-standard warranties. For cases in which product revenue has been recognized but installation has not occurred as of the balance sheet date, a fixed amount is deferred from revenue in respect of the installation services yet to be performed. A non-standard warranty is one that is for a period longer than 12 months. Accordingly, income from a non-standard warranty is deferred as unearned revenue and is recognized ratably as revenue commencing with and over the applicable warranty term.

The Company records contract liabilities when the customer has been billed in advance of the Company completing its performance obligations. These amounts are recorded as deferred revenue in the Consolidated Balance Sheets.

Valuation of Inventory. Inventories consist of completed systems, partially completed systems and components, and are recorded at the lower of cost, determined by the moving – average basis, or net realizable value. We review inventory for obsolescence and excess quantities to determine that items deemed obsolete or excess inventory are appropriately reserved. In making the determination, we consider forecasted future sales or service/maintenance of related products and the quantity of inventory at the balance sheet date, assessed against each inventory item’s past usage rates and future expected usage rates. Changes in factors such as technology, customer demand, competing products and other matters could affect the level of our obsolete and excess inventory in the future.

In the years 2025 and 2024 we wrote-off inventory in the amount of approximately \$3.7 million and \$4.3 million, respectively which were related to damaged, obsolete, excess and slow-moving inventory. These amounts are included in the item line called “Cost of revenues” in the consolidated statements of operations. The write-offs create a new cost basis and are a permanent reduction of inventory cost. Inventory that is not expected to be converted or consumed in 2025 is classified as non-current. As of December 31, 2025, a \$15.6 million portion of our inventory was classified as non-current. Management periodically evaluates our inventory composition, giving consideration to factors such as the probability and timing of anticipated usage and the physical condition of the items, and then estimates a charge (reducing the inventory) to be provided for slow moving, technologically obsolete or damaged inventory. These estimates could vary significantly from actual requirements based upon future economic conditions, customer inventory levels or competitive factors that were not foreseen or did not exist when the inventory write-offs were established.

Income Taxes. We account for income taxes under ASC Subtopic 740-10 Income Taxes – Overall. Deferred tax assets or liabilities are recognized in respect of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts as well as in respect of tax losses and other deductions which may be deductible for tax purposes in future years, based on tax rates applicable to the periods in which such deferred taxes will be realized. The rates applied are those enacted in law as of December 31, 2025. In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and during which the carry-forwards are available. Valuation allowances are established when necessary to reduce deferred tax assets to the amount considered more likely than not to be realized.

Our financial statements include deferred tax assets, net, which are calculated according to the above methodology. If there is an unexpected critical deterioration in our operating results and forecasts, we would have to increase the valuation allowance with respect to those assets. We believe that it is more likely than not that those net deferred tax assets included in our financial statements will be realized in subsequent years.

Comparison of Period-to-Period Results of Operations

The following table presents consolidated statement of operations data for the periods indicated as a percentage of total revenues:

	Year Ended December 31,	
	2025	2024
Total Revenues	100.00%	100.00%
Total cost of revenues	49.54%	51.09%
Gross profit	50.46%	48.91%
Operating expenses:		
Research and development expenses	9.75%	8.92%
Selling, general and administrative expenses..	14.87%	14.82%
Total operating expenses	24.62%	23.74%
Operating profit	25.84%	25.18%
Financial income , net	5.05%	5.40%
Other expenses	20.35%	-
Income tax expenses	(0.33)%	(2.96)%
Net income	10.22	27.61%

Year Ended December 31, 2025 compared to Year Ended December 31, 2024

Revenues. Revenues increased by 16% to \$496.1 million in 2025 from \$429.2 million in 2024, due primarily to an increase in the average selling price of the product units sold. This is the result of the impact of the Hawk and Eagle G5 systems which were launched in February 2025 and September 2024, respectively.

The strengthening of the Israeli shekel against the US dollar led to higher shekel-denominated expenses, which negatively impacted profitability.

Gross Profit. Gross profit consists of revenues less cost of revenues, which includes the cost of components, production materials, labor, depreciation, factory and service center overheads and provisions for warranties. These expenditures are only partially affected by sales volume. Our total gross profit increased to \$250.3 million in 2025 from \$210.0 million in 2024, an increase of 40.4 million, or 19%. Our gross margin increased to 50.5% in 2025, compared to a gross margin of 48.9% in 2024, mainly as a result of economies of scale from increased sales and mix of products sold, partially offset by negative impact of shekel dominated costs.

Research and Development Costs. Research and development expenses consist primarily of salaries, materials consumption and costs associated with subcontracting certain development efforts. Total research and development expenses for 2025 increased by \$10.1 to \$48.3 million from \$38.3 million in 2024 due to higher investment in new products and technologies, as well as an increase in headcount, and higher shekel-denominated expenses.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist primarily of expenses associated with salaries, commissions, promotion and travel, professional services and rent costs. Our selling, general and administrative expenses increased by \$10.2 to \$73.8 million in 2025 from \$63.6 million in 2024, mainly due to increased salary expenses and professional services. Our sales commissions increased due to increased sales volume, and our shipping expenses were impacted by the war between Israel and Iran in June 2025.

Financial Income, Net. We had net financial income of \$25.1 million in 2025 compared to \$23.2 million in 2024. The increase is from interest on higher balances of cash and cash equivalents, deposits and marketable securities (see *B. Liquidity and Capital Resources*, below). This is offset by foreign currency expense, net, resulting from revaluation of balance sheet items not denominated in U.S. Dollars amounted to \$1.1 million in 2025 compared to income of \$0 million in 2024.

Other Expenses. We recorded other expenses of \$100.9 million in 2025 resulting from the repurchase of the 2026 Convertible Notes.

Provision for Income Taxes. Income tax expense was \$1.6 million in 2025, a decrease of \$11.1 million from the \$12.7 million expense in 2024, mainly resulting from tax benefits that recorded with respect to the repurchase of the Convertible notes capital loss.

Net Income. We realized net income of \$50.7 million in 2025 compared to net income of \$118.5 million in 2024, due to the other expenses, offset by the increase in operating income.

B. *Liquidity and Capital Resources*

At December 31, 2025, our cash and cash equivalent deposit and marketable securities balances totaled approximately \$851.1 million compared to approximately \$501.2 million at December 31, 2024. The year-to-year increase in cash and cash equivalents and deposits results from the issue of the 2030 Convertible Note and positive operating cash flow, offset by the repurchase of the 2026 Convertible Notes. Our cash is invested in bank deposits spread among several banks, primarily in Israel and in international bonds.

Our working capital was approximately \$789.6 million in 2025 and \$496.1 million in 2024. The increase is mainly attributed to increased cash and cash equivalents, deposits and marketable securities.

Our capital expenditures during 2025 were approximately \$22.5 million, mainly to increase our production capacity and to support our R&D, operations and IT activities.

Cash flow from operating activities

Net cash and cash equivalents provided by operating activities for the years ended December 31, 2025 and 2024 totaled \$141.9 million and \$122.2 million, respectively.

During 2025 and 2024, cash provided by operating activities was primarily attributed to net income.

Cash flow from investing activities

Cash flow used in investing activities in 2025 was \$310.3 million, due to investment in marketable securities, short- and long-term deposits and fixed and intangible assets. Cash flow used in investing activities in 2024 was \$55.9 million, due to investment in short-term deposits and fixed and intangible assets.

Cash flow from financing activities

Cash flow provided by financing activities in 2025 was \$219.0 million, due to the issuance of the 2030 Convertible Notes, offset by the repurchase of the 2026 Convertible Notes. Cash flow used in financing activities in 2024 was \$60.0 million due to a dividend payment.

Our principal liquidity requirement is expected to be for working capital and capital expenditures, as well as acquisitions. We anticipate funding these cash requirements and capital expenditures through a combination of cash flow from operations and existing balances of cash and cash equivalents and short-term deposits. We anticipate that our existing capital resources and cash flows from operations will be adequate to satisfy our liquidity requirements for at least the next 12 months. If available liquidity is not sufficient to meet our operating obligations as they come due, our plans include pursuing alternative financing arrangements or reducing expenditures as necessary to meet our cash requirements.

Effective Corporate Tax Rate

Camtek's production facility in Israel has been granted "Approved Enterprise" status under the Investment Law (as defined in Item 10.E – "***Taxation – Israeli Taxation - Tax Benefits Under the Law for the Encouragement of Capital Investments, 1959***" below). We participate in the Alternative Benefits Program and, accordingly, income from our Approved Enterprise will be tax exempt for a period of 10 years, commencing on the first year in which the Approved Enterprise first generates taxable income, due to the fact that we operate in Zone "A" in Israel.

On April 1, 2005, an amendment to the Investment Law came into effect (the "**Amendment**") and significantly changed the provisions of the Investment Law. The Amendment limits the scope of an enterprise which may be approved by the Investment Center by setting criteria for the approval of a facility as a "Beneficiary Enterprise"; such criteria generally require that at least 25% of the Beneficiary Enterprise's income will be derived from export. Additionally, the Amendment enacted major changes in the manner in which tax benefits are awarded under the Investment Law so that companies no longer require Investment Center approval in order to qualify for tax benefits.

In addition, the Amendment provides that terms and benefits included in any certificate of approval issued prior to December 31, 2004, will remain subject to the provisions of the Investment Law as they were on the date of such prior approval. Therefore, our existing Approved Enterprise will generally not be subject to the provisions of the Amendment. As a result of the Amendment, tax-exempt income generated under the provisions of the new law, as part of a new Beneficiary Enterprise, will subject us to taxes upon distribution or liquidation.

Camtek has been granted the status of Approved Enterprise, under the Investment Law, for investment programs for the periods which ended in 2007 and 2010, and the status of Beneficiary Enterprise according to the Amendment, for a period which ended in 2014. In addition, Camtek elected 2010 as the year of election for a period which ended in 2021.

On December 29, 2010, the Investment Law was amended to significantly revise the tax incentive regime in Israel commencing on January 1, 2011. For more information, see Item 10.E – "***Taxation – Israeli Taxation – Tax Benefits Under the Law for the Encouragement of Capital Investments, 1959***" below.

Foreign Currency Fluctuation

See Item 3.D – “*Risk Factors – Risk Factors Related to Our Business and Our Markets – Fluctuations in currency exchange rates may result in additional expenses being recorded or in the prices of our products becoming less competitive and thus may have negative impact on our profitability*” above.

C. *Research and Development, Patents and Licenses.*

We believe that intensive R&D is essential to our business. We devote substantial R&D resources to developing new products and to improving our existing products to meet our customers’ evolving needs. We have dedicated teams with expertise in image processing software and algorithms, electronic hardware, electro-optics, physics, mechanics and systems design.

Our R&D efforts are primarily focused on:

- improving our defect detection capabilities while reducing the number of false alarms, simplifying operation and reducing the level of user expertise required to realize the benefits of our systems;
- increasing the throughput of our Inspection and Metrology systems;
- providing unique technological solutions to our customers; and
- adding capabilities to expand our market segments.

In addition, we are focusing our efforts on leveraging our core technologies, expertise and experience into continually enhancing the value to the user and the return on investment from our products. We believe that our internal multi-disciplinary expertise will enable us to maintain and enhance our technological edge.

As of December 31, 2025, we had 193 employees engaged in R&D, 163 of whom are based in our headquarters in Israel and 30 in our facilities in Germany. We also use subcontractors for the development of some of the hardware components of our systems. Our R&D expenses were \$48.3 million and \$38.3 million for the years ended December 31, 2025 and 2024, respectively, representing 9.7% and 8.9% of the total revenues for the years then ended.

We will continue to devote our R&D resources to maintaining and extending our technology leadership position.

Our R&D costs are expensed as incurred.

In general, we rely on a combination of our copyrights, trade secrets, patents, trademarks and non-disclosure agreements to protect our proprietary know-how and intellectual property. We also enter into confidentiality agreements with our employees and with all of the subcontractors who develop and manufacture components for use in our products. We also employ specialists whose main role is to maintain and protect our intellectual property from both professional and legal perspectives. We cannot be certain that actions we take to protect our proprietary rights will be adequate nor can we be certain that we will be able to deter reverse engineering or that there will not be independent third-party development of our technology.

We have 140 issued and applied-for patents worldwide, of which 98 are registered patents and 6 U.S. provisional applications. These patents relate to our proprietary technology and know-how developed for Inspection and Metrology and Functional Inkjet Technology tools. We also have one registered trademark in each of the U.S., Israel, Singapore and Japan.

D. *Trend Information*

The OECD has forecasted the world GDP global growth slowing from 3.2% in 2025 to 2.9% in 2026. See "Item 3D. Risk Factors" above. The semiconductor industry will probably be influenced by weakness or uncertainties in global economic conditions. According to SEMI organization, the global total semiconductor equipment sales forecast to reach a record of \$145 billion in 2026. Wafer Fab Equipment segment sales are projected reach \$135.2 billion, a 9.0% increase from 2025. See "Item 3D. Risk Factors - *Risk Factors Related to Our Business and Our Markets – Our business could be materially disrupted by negative effects on the semiconductor industry, including as a result of economic, political, legal, regulatory and other changes, in the global or local markets in which we operate.*" For specific trend information regarding the markets in which we operate see Item 4.B - “*Business Overview - Our Markets*” above.

E. Critical Accounting Estimates

See Item 5.A “Operating Results – *Critical Accounting Policies and Estimates.*”

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following table lists the name, age and position of each of our current directors and senior management:

<u>Name</u>	<u>Age</u>	<u>Title</u>
Rafi Amit	77	Director and Chief Executive Officer
Lior Aviram	63	Director, Executive Chairman of the Board of Directors
Moty Ben-Arie	71	Director, Lead Independent Director
Orit Stav	55	Director
Yotam Stern	73	Director
Leo Huang	72	Director
I-Shih Tseng	64	Director
Yael Andorn	55	Director*
Yosi Shacham-Diamand	72	Director*
Moshe Eisenberg	59	Chief Financial Officer
Ramy Langer	72	Chief Operating Officer
Orit Geva Dvash	54	Vice President - Human Resources

* Ms. Yael Andorn and Prof. Yosi Shacham-Diamand serve as our external directors (as such term is defined under the Companies Law) since October 2018.

Set forth below is a biographical summary of each of the above-named directors and senior management.

Rafi Amit, a founder of Camtek, has served as our Chief Executive Officer since January 2014, and previously as our Chairman of the Board of Directors from the 2019 AGM until December 31, 2022. Between 2010 and March 2017, Mr. Amit also served as our Active Chairman of the Board of Directors. Previously, Mr. Amit served as our Chief Executive Officer from January 1998 until August 2010 and as Chairman of the Board of Directors from 1987 until April 2009. Since 1981, Mr. Amit has also served as the President and director of Priortech and has been the Chairman of the Board of Directors of Priortech since 1988 until February 2025. From 1981 until 2004, Mr. Amit served as Priortech’s Chief Executive Officer. Mr. Amit also served as a director in P.C.B. Technologies Ltd. between 2004 and 2019. Mr. Amit holds a B.Sc. in Industrial Engineering and Management from Technion - Israel Institute of Technology.

Lior Aviram has served as our Executive Chairman of the Board since June 1, 2025, bringing extensive experience across the Israeli and global M&A in technology sectors, deep familiarity with semiconductor markets, international capital markets, and governance best practices, risk management, and long-term value creation for shareholders. Previously, Mr. Aviram was the managing partner of Shibolet & Co. Law Firm, one of Israel’s most reputable law firms. Mr. Aviram served as a partner from 1994, as the Head of the High-Tech Practice from 1999 until 2021 focused his legal career on securities laws, corporate and M&A of Israeli and global technology companies, and as the firm’s managing partner beginning in 2016, stepping down from such position to commence his role as our Executive Chairman. Mr. Aviram served as a board member of Hanita Lenses Ltd. (private company) since 2022 until 2025, and as a member of the board of directors of TerraLex international legal network from 2021 to 2025, and of Partners & Co from 2022 to 2024. Mr. Aviram holds an LL.B. degree cum laude from Tel Aviv University.

Moty Ben-Arie served as our Chairman of the Board from January 1, 2023 to June 1, 2025 and since then is serving a Lead independent Director of the Board. From March 2017 until the 2019 AGM, Mr. Ben-Arie also served as our Chairman of the Board of Directors. Mr. Ben-Arie is the co-founder and served as the Chairman of the board of directors of Invisicare Ltd. Mr. Ben-Arie has served as a consultant to entrepreneurs and investors since 2014. Previously, Mr. Ben-Arie served as the CEO of Sital Technology from 2012 until 2014. From 2006 until 2011, Mr. Ben-Arie also served as a managing partner of Vertex Ventures, where he focused on investments in Israeli-related hi-tech companies and evaluation of companies in the field of telecommunication, IT, test equipment, medical equipment and multidisciplinary systems. During these years, Mr. Ben-Arie served as a member of the fund investment committee, managed investments in several companies and served as a board member in companies in their early stages, including Color Chip Inc., Multiphi, Expand Networks, Comability and Ethos Networks. From 2000 until 2006, Mr. Ben-Arie also served as a partner of Walden Israel Ventures, where he focused on investments in Israeli-related hi-tech companies. During these years, Mr. Ben-Arie managed investments in several companies and served as a board member in companies from early stage, including Color Chip Inc. and Passave. From 1998 until 2000, Mr. Ben-Arie served as a director in Radcom Ltd., as a consultant in Walden Israel, and financed seed phases for new startups. From 1991 until 1998, Mr. Ben-Arie served as the co-founder and CEO of Radcom Ltd., Israel. From 1978 until 1982, Mr. Ben-Arie served as an electronic engineer and a project manager in Elisra Ltd. Mr. Ben-Arie holds an MBA from Tel Aviv University, and a B.Sc. in Electrical Engineering from the Technion - Israel Institute of Technology.

Orit Stav has served on our Board of Directors since September 24, 2020. Ms. Stav is an experienced investment manager with 20 years of experience in the field of Venture Capital & Private Equity, as well as in the technology sector. Ms. Stav is a co-founder and serves as a managing partner at Israel Innovation Partners, a business advisory firm that specializes in building business relationship between global companies and Israeli technology start-ups. Currently, Ms. Stav serves as a board member in Menora Mivtachim Holdings Ltd., Doral Group Renewable Energy Resources Ltd., Innoviz Technologies Ltd., IBI – Underwriting & Issuing Ltd., EFI Capital Real Estate Ltd. From 2014 until 2015, Ms. Stav served as a managing partner of EVA Ventures venture capital. From 2010 until 2012, Ms. Stav served as a country manager in Wimdu GmbH, an international internet company. From 2006 until 2009 she served as an investment manager in Siemens Venture Capital, and from 1998 until 2005 served as an investment partner in Platinum Neurone Ventures, PNV, an Israeli venture capital fund. Ms. Stav holds an MBA from the University of Hertsfordshire, U.K., and a B.A. in Economics and Management from Tel Aviv University.

Yotam Stern has served on our Board of Directors since 1987. From May 2009 until August 2010, Mr. Stern served as the Chairman of the Board of Directors and from 2001 until 2012, Mr. Stern served as our Executive Vice President, Business & Strategy. From 1998 until 2001, Mr. Stern served as our Chief Financial Officer. Mr. Stern served in the past as the Chief Financial Officer of Priortech and has been serving as a director of Priortech since 1985 and as its Chief Executive Officer since 2004. Mr. Stern also served as a director in P.C.B. Technologies Ltd. between 1993 and 2019, and as its CEO between 2012 and 2018. Mr. Stern has been serving as a director in Access Semiconductor Co., Ltd. since 2025. He holds a B.A. in Economics from Hebrew University of Jerusalem.

Leo Huang has served on our Board of Directors as a representative of Chroma since June 3, 2019. Mr. Huang co-founded Chroma in 1984 and has been serving as chairman of the board of directors of Chroma since October 23, 1984. Mr. Huang was the QA Engineer of TIMEX Corp. from 1975 to 1977 and served as the Sales Manager of Philips Electronics Industries (Taiwan) Ltd. from 1978 to 1984. Mr. Huang holds a bachelor's degree in Electronics Engineering from National Chiao Tung University in 1973.

I-Shih Tseng has served on our Board of Directors as a representative of Chroma since June 3, 2019. Mr. Tseng joined Chroma in 1998, serving as a director since June 6, 2012, and as Business Unit President of Chroma since July 1, 2007. Mr. Tseng was a Research Assistant at Pennsylvania State University from 1986 to 1992 and served as the Project Manager of Institute for Information Industry from 1992 to 1998. Mr. Tseng received his PhD degree in Mechanical Engineering from Pennsylvania State University in 1992.

Yael Andorn has served on our Board of Directors since October 3, 2018, and she is currently the Chairperson of our Audit Committee. Ms. Andorn is the founder and CEO of CapitalA, and serves on the Boards of Directors of Israeli public companies such as El-Al Airlines and Castro. Ms. Andorn previously served on private and public boards, including Midroog-Moody's Rating, Oil Refineries (Bazan), Retalix, The National Lottery, Clal Health Insurance and Clal Credit Insurance, and as head of the Investment Committee of the Teacher's Saving Fund. Ms. Andorn served as director general of Israel's Ministry of Finance between 2013 and 2015 and as Partner at Viola Credit between 2012 and 2013. Between 2005 and 2011, Ms. Andorn served as CEO at Amitim and also served on its investment committee. Ms. Andorn held several positions at Israel's Ministry of Finance Budget Department, Bank of Israel and IDF 8200 Intelligence Unit. Ms. Andorn holds a Bachelor of Economics and a Master in Business Administration from the Hebrew University of Jerusalem.

Yosi Shacham-Diamand has served on our Board of Directors since October 3, 2018. Since 2001, Prof. Shacham-Diamand serves as The Bernard L. Schwartz Academic Chair for nano scale information technologies in the Department of Electrical Engineering - Physical Electronics, and in the Department of Material Science and Technology, Faculty of Engineering, Tel Aviv University. Prof. Shacham-Diamand currently serves on the advisory board of CartaSense Ltd. and SolChip Ltd., and previously served as consultant to numerous manufacturing companies such as: Zoran Inc., Intel Inc., Applied Materials Inc., Nova Instruments Inc., as well as to numerous investment and holding companies in Israel and abroad. Prof. Shacham-Diamand previously served on the board of directors of PCB Ltd. (today, Priortech Ltd.) and “RAMOT” by Tel Aviv University. He is a visiting professor at Waseda University, Tokyo, Japan (Since 2004) and a visiting professor at the Department of Electronics and Telecommunication, The Politecnico di Torino, Torino, Italy (Since 2018), and serves as a distinguished international Chair Professor in Feng Chia University, Taichung, Taiwan (since 2012). Since 2014, Prof Shacham-Diamand serves as a member of the MAGNET committee, Ministry of Trade and Industry. Prof. Shacham-Diamand holds a D.Sc. EE, M.Sc. EE, and B.Sc. EE (Summa-cum Laude), all from the Technion- Israel Institute of Technology, Haifa, Israel, and also completed postdoctoral research at U.C. Berkeley, CA, USA.

Moshe Eisenberg has served as our Chief Financial Officer since November 2011. From 2010 to 2011, Mr. Eisenberg served as the Chief Financial Officer of Exlibris, a global provider of library automation solution for the academic market. Prior to that, from 2005 to 2009, Mr. Eisenberg served as the Chief Financial Officer of Scopus Video Networks Ltd., a leading provider of digital compression, decoding & video processing equipment. Prior to that, Mr. Eisenberg held various professional and managerial positions at Gilat Satellite Networks Ltd. and its wholly owned U.S. subsidiary, Spacenet Inc. Mr. Eisenberg holds an MBA from Tel Aviv University and a B.Sc. in Agricultural Economics from the Hebrew University of Jerusalem.

Ramy Langer has served as our Chief Operating Officer since November 2017, following the consummation of the PCB Sale Transaction. Prior to his appointment as Chief Operating Officer he served as Vice President - Semiconductors Division from February 2014. From 2007 until 2012, Mr. Langer served as the Chief Executive Officer (and co-founder) of Infinite Memory Ltd., a fab-less developer of products based on Saifun Semiconductors Ltd.'s technology. From 2005 until 2007, Mr. Langer served as Vice President- Business Development of Saifun, where he marketed non-volatile memory IP. From 2002 until 2005, Mr. Langer served as Managing Director of Infineon Flash, a fab-less developer of products based on Saifun's technology using Infineon DRAM process. From 1999 until 2002, Mr. Langer served as Vice President- Marketing & Sales of Tower Semiconductors Ltd., manufacturer of integrated circuits. Prior to that, Mr. Langer held various executive positions at Kulicke and Soffa Industries, Inc., a leading global semiconductor assembly equipment manufacturer. Mr. Langer holds a B.Sc. in Electronic Engineering from the Technion – Israel Institute of Technology and a M.Sc. in Electronic Engineering from Drexel University, Philadelphia.

Orit Geva Dvash has served as our VP Human Resources (“HR”) since November 2017. Previously, since 2014, Ms. Geva Dvash served as our HR Director. From 2008 to 2014, Ms. Geva Dvash served as our HR manager. From 2002 to 2008, Ms. Geva Dvash served at various HR positions at IBM research lab. Ms. Geva Dvash holds a Masters in political science from Haifa University and B.A. in political science and English literature from Haifa University.

Arrangements Involving Directors and Senior Management

In accordance with the terms of the Chroma Voting Agreement, at the 2019 AGM Mr. Leo Huang and Mr. I-Shih Tseng were first appointed for service as our directors (see Item 4.A. – “*History and Development of the Company*”).

Except for the Chroma Voting Agreement, there are no arrangements or understandings of which we are aware relating to the election of our directors or the appointment of executive officers in our Company. In addition, there are no family relationships among any of the individuals listed in this Section A (Directors and Senior Management).

B. Compensation

Aggregate Executive Compensation

The aggregate remuneration paid by us for the year ended December 31, 2025, to all persons listed in Section A (Directors and Senior Management) above, was approximately 6.4 million. This sum includes 0.2 million paid to provide pension, retirement or similar benefits, amounts expended by us for automobiles made available to all our executive officers, and other fringe benefits commonly reimbursed or paid by companies in Israel.

We have a performance-based bonus plan which includes our executive officers. The plan is based on our overall performance, and individual performance. Up to 50% of the performance objectives of our executive officers may be qualitative, provided that with respect to our Chief Executive Officer and the Executive Chairman such portion shall not exceed three monthly base salaries. The measurable performance objectives can change year over year, and are a combination of financial parameters, such as revenues, booking, operating or net income and collection. The plan for our executive officers is reviewed and approved annually by our Audit Committee (in its capacity as our Compensation Committee) and Board of Directors, as is any bonus payment to an executive officer made under such plan (provided that with respect to the bonus plan for our CEO we also obtain shareholder approval – see in Item 6.B - “*Compensation – Employment Agreements*” below).

We compensate our independent directors for serving on our Board of Directors by payment of cash fees in accordance with regulations promulgated under the Companies Law concerning the remuneration of external directors (the “**Remuneration Regulations**”), reimbursement for expenses and the award of share options or RSUs. Priortech’s and Chroma’s representatives on our Board do not receive compensation for their service as our directors. See Item 6.C “*Board Practices - Remuneration of Directors*” below.

Individual Compensation of Covered Office Holders

The table below presents the compensation granted to our five most highly compensated Office Holders (as such term is defined in the Companies Law; see Item 6.C - “*Board Practices – External Directors – Qualification*” below) during or with respect to the year ended December 31, 2025. We refer to the five individuals for whom disclosure is provided herein as our “Covered Office Holders”. All amounts specified below are in terms of cost to the Company, as recorded in our financial statements.

Name and Principal Position (1)	Salary Cost (USD) (2)	Bonus (USD) (3)	Equity-Based Compensation (USD) (4)	Other (USD) (5)	Total (USD)
Rafi Amit – Chief Executive Officer	375,760	546,092	1,111,503	170,838	2,204,192
Ramy Langer - Chief Operating Officer	383,392	268,121	645,721		1,297,235
Moshe Eisenberg - Chief Financial Officer	342,080	225,638	507,040		1,074,758
Orit Geva-Dvash - Vice President, Human Resources	257,755	86,743	235,940		580,438
Lior Aviram - Executive Chairman of the Board of Directors	243,465	0	261,150		504,615
Total	1,602,452	1,126,594	2,761,354	170,838	5,661,237

- (1) All Covered Office Holders are employed on a full-time (100%) basis, except for: (i) Mr. Amit who dedicates 90% of his time to his role as our Chief Executive Officer; and (ii) Mr. Aviram who dedicates the majority of his business time to his role as Executive Chairman of the Board of Directors.

- (2) Salary cost includes the Covered Office Holder's gross salary plus payment of social benefits made by the Company on behalf of such Covered Office Holder. Such benefits may include, to the extent applicable to the Covered Office Holder, payment, contributions and/or allocations for saving funds (e.g. Managers' Life Insurance Policy), education funds (referred to in Hebrew as "*Keren Hishlalmut*"), pension, severance, risk insurances (e.g. life, or work disability insurance), payments for social security and tax gross-up payments, vacation, car, medical insurance and benefits, phone, convalescence or recreation pay, and other benefits and perquisites consistent with the Company's policies.
- (3) Represents annual bonuses paid in accordance with the Covered Office Holder's performance of targets as set forth in his or her bonus plan and approved by the Company's Audit Committee and Board of Directors and/ or any special one-time bonuses as approved by the Company's Audit Committee and Board of Directors in accordance with the Company's Compensation Policy.
- (4) Represents the equity-based compensation expenses recorded in the Company's consolidated financial statements for the year ended December 31, 2025, for each Covered Office Holder, based on the options' fair value on the grant date, calculated in accordance with accounting guidance for equity-based compensation.
- (5) Includes relocation expenses which may consist of, to the extent applicable to the Covered Office Holder: housing, schooling, car, medical insurance and travel expenses for the Covered Office Holder and family members residing with him abroad.

Employment Agreements

We maintain written employment agreements with our employees, including all of our executive officers, that contain customary provisions, including non-compete and confidentiality agreements.

With respect to our Chief Executive Officer, Mr. Amit spends 90% of his time in service as our CEO, and under his employment agreement his compensation includes: (i) an annual base salary; (ii) an annual performance-based bonus; and (iii) an annual grant of equity. At our 2024 annual general meeting of shareholders, held on September 25, 2024 (the "**2024 AGM**"), our shareholders approved an increase in Mr. Amit's annual base salary, effective as of January 2024 to US\$375,760 (the "**CEO Base Salary**"). In addition, our shareholders approved a three-year cash bonus plan for Mr. Amit, for the years 2024-2026 (inclusive) pursuant to which Mr. Amit's annual on target cash bonus for each of these years shall be equal to not more than the CEO Base Salary, conditioned upon his performance in each of these years measured against criteria pre-determined by our Compensation Committee and Board of Directors, with respect to the applicable year (the "**CEO Cash Bonus Plan**").

According to the annual equity plan, Mr. Amit's annual grant of equity for each of these three years shall not exceed 400% of the CEO Base Salary, and at least 50% of Mr. Amit's annual grant of equity shall be subject to performance-based vesting (and with respect to the 2024 annual equity grant, 40%).

Further, Mr. Amit's employment agreement contains confidentiality provisions for the term of Mr. Amit's service and thereafter, and non-compete provisions for the term of Mr. Amit's service and for a six-month period after the termination of his service. It provides that all intellectual property developed by Mr. Amit, or in which he took part, during or in connection with his services, is our sole property. The employment agreement may be terminated by the Company at any time, by written notice of termination delivered to Mr. Amit six months in advance. We may, however, immediately terminate the employment of Mr. Amit in various circumstances, including in the case of a breach of fiduciary duty.

As Mr. Amit may be deemed, together with the Priortech Founding Members and Chroma, to control the Company (see Item 3.D - "**Risk Factors- Our principal shareholders, Priortech and Chroma, hold a controlling interest in us and will be able to exercise their control in ways that may be adverse to your interests. Our relationship with Priortech and Chroma may give rise to a conflict of interests**" above), in accordance with the Companies Law, his terms of employment must be approved by the Company's shareholders at least once every three years, and, accordingly, were last re-approved at the 2024 AGM. Mr. Amit does not receive any compensation in consideration for his service as a member of our Board of Directors.

With respect to our Executive Chairman of the Board of Directors, who was appointed effective June 1, 2025, Mr. Aviram devotes the majority of his business time to the Company and its ongoing strategic initiatives. In connection with his appointment and in accordance with the Companies Law and our Compensation Policy (as amended and approved by our shareholders at our 2025 annual general meeting of shareholders, held on April 29, 2025, the “**2025 AGM**”), our Compensation Committee, Board of Directors and shareholders approved Mr. Aviram’s compensation terms. Under his employment terms, Mr. Aviram’s compensation includes: (i) an annual base salary; (ii) an annual performance-based cash bonus; and (iii) annual equity-based compensation. Mr. Aviram is not entitled to any additional annual or participation fees in connection with his tenure as an executive member of our Board, other than as specifically approved in connection with his Executive Chairman role. Mr. Aviram is entitled to a gross annual base salary of NIS 967,000 (approximately US\$314,983, based on the Exchange Ratio (as defined below)), excluding social benefits and customary fringe benefits.

Pursuant to our Compensation Policy, Mr. Aviram’s annual on-target cash bonus is capped at 100% of his annual base salary and is conditioned upon his performance measured against criteria pre-determined by our Compensation Committee and Board of Directors with respect to the applicable year.

In addition, pursuant to our Compensation Policy, the annual equity value granted to Mr. Aviram is subject to a cap equal to 400% of his annual base salary and at least 50% of such equity award shall be subject to performance-based vesting.

C. Board Practices

Corporate Governance Practices

We are incorporated in Israel and therefore are subject to various corporate governance practices under the Companies Law, relating to matters such as external directors, audit and compensation committees, internal auditor and approvals of interested parties transactions. These matters are in addition to the Nasdaq Rules and other relevant provisions of U.S. securities laws. Under applicable Nasdaq Rules, a foreign private issuer such as us may generally follow its home country rules of corporate governance in lieu of comparable Nasdaq Rules, except for certain matters such as composition and responsibilities of the audit committee and the independence of its members. See Item 3.D – “*Risk Factors - Being a foreign private issuer exempts us from certain SEC Requirements and Nasdaq Rules, which may result in less protection that is afforded to investors under rules applicable to domestic issuers*” above. For information regarding home country rules followed by us see Item 16G – “*Corporate Governance*” below.

General Board Practices

Our Articles provide that our Board of Directors shall consist of not less than five and not more than ten directors, including the external directors. Currently, our Board consists of nine members. According to the Chroma Voting Agreement (see Item 4.A. – “*History and Development of the Company*”), Chroma is entitled to nominate two members, and Priortech is entitled to nominate three members, to the Company’s Board. Chroma’s current nominees are Leo Huang and I-Shih Tseng, and Priortech’s nominees are Rafi Amit and Yotam Stern. At the 2025 AGM, following the recommendation of our Nomination Committee and Board of Directors, Mr. Lior Aviram was elected as a director of the Company and was appointed as the Executive Chairman of the Board of Directors, and each of Messrs. Rafi Amit, Yotam Stern, Moty Ben-Arie, Leo Huang, I-Shih Tseng and Orit Stav were re-appointed for service as our directors. All directors were appointed following the recommendation by the Company’s Nomination Committee, and each of our directors (other than the external directors) is serving an approximately one-year term, which is due to expire at our 2026 annual general meeting of shareholders (the “**2026 AGM**”).

In accordance with the Companies Law, our Board of Directors retains all the powers in managing our Company that are not specifically granted to the shareholders. For example, the Board may make decisions to borrow money for the Company, and may set aside reserves out of our profits, for whatever purposes it sees fit.

The Board of Directors may pass a resolution when a quorum is present (in person or via telecommunication), and by a vote of at least a majority of the directors present when the resolution is put to vote. A quorum is defined as at least a majority of the directors then in office who are lawfully entitled to participate in the meeting but not less than two directors. The Chairman of the Board is elected and removed by the Board members. Minutes of the meetings of the Board of Directors are recorded and kept at our offices. In addition, the Board of Directors may pass a resolution by way of a written resolution signed by all members of our Board of Directors.

The Board of Directors may, subject to the provisions of the Companies Law, appoint a committee of the Board and delegate to such committee all or any of the powers of the Board, as it deems appropriate. Notwithstanding the foregoing and subject to the provisions of the Companies Law, the Board may, at any time, amend, restate or cancel the delegation of any of its powers to any of its committees. Our Board of Directors has appointed an Audit Committee, also serving as a Compensation Committee, and a Nomination Committee. For information regarding the duties, responsibilities and composition of each of our committees, see Item 6.C – “**Board Practices - Committees of the Board of Directors**” below.

Our Articles provide that any director may appoint as an alternate director, by written notice to us or to the Chairman of the Board, any individual who is qualified to serve as director and who is not then serving as a director or alternate director for any other director. An alternate director has all of the rights and obligations of a director, excluding the right to appoint an alternate for himself. Currently no alternate directors serve on our Board.

Election, Terms and Skills of Directors

Directors, other than external directors, are elected by a resolution of the shareholders at the annual general meeting and serve until the conclusion of the next annual general meeting of the shareholders, unless earlier terminated in the event of such director’s death, resignation, bankruptcy, incapacity or removal by a resolution of the shareholders.

According to the Companies Law, a person who does not possess the skills required and the ability to devote the appropriate time to the performance of the office of director in a company, taking into consideration, among other things, the special requirements and size of that company, shall neither be appointed as a director nor serve as a director in a public company. A public company shall not convene a general meeting the agenda of which includes the appointment of a director, and a director shall not be appointed, unless the candidate has submitted a declaration that he or she possesses the skills required and the ability to devote the appropriate time to the performance of the office of director in the company, that sets forth the aforementioned skills and further states that the limitations set forth in the Companies Law regarding the appointment of a director do not apply in respect of such candidate.

A director who ceases to possess any qualification required under the Companies Law for holding the office of director or who becomes subject to any ground for termination of his/her office must inform the company immediately and his/her office shall terminate upon such notice.

Independent Directors

Under the Nasdaq Rules, a majority of our directors is required to be independent. The independence criteria under the Nasdaq Rules excludes, among others, any person who is: (i) a current or former (at any time during the past three years) employee of a company or its affiliates; or (ii) an immediate family member of an executive officer (at any time during the past three years) of a company or its affiliates.

In addition, under the Companies Law, an “independent director” is either an external director or a director appointed or classified as such who meets the same non-affiliation criteria as an external director, as determined by the company’s audit committee, and who has not served as a director of the company for more than nine consecutive years. For these purposes, ceasing to serve as a director for a period of two years or less would not be deemed to sever the consecutive nature of such director’s service. However, as our shares are listed on the Nasdaq Global Select Market, we may also, in accordance with the Companies Regulations (Alleviation for Public Companies whose shares are Traded on the Stock Exchange Outside of Israel), 2000 (the “**Alleviation Regulations**”), classify directors who qualify as independent directors under the relevant non-Israeli rules, as “independent directors” under the Companies Law. In addition, the Alleviation Regulations provide that “independent directors” may be elected for additional terms that do not exceed three years each, beyond the nine consecutive years permitted under the Companies Law, provided that, if the director is being re-elected for an additional term or terms beyond the nine consecutive years, the company’s audit committee, followed by the board of directors, have approved that considering the expertise and special contribution of the director to the work of the board of directors and its committees, the appointment for an additional term of service is beneficial to the company.

Seven of our nine members of the Board - Mses. Yael Andorn and Orit Stav and Messrs. Yotam Stern, I -Shih Tseng, Leo Huang, Yosi Shacham-Diamand and Moty Ben Arie - qualify as independent directors under the Nasdaq Rules. Four of our nine members of the Board - Mses. Yael Andorn and Orit Stav and Messrs. Yosi Shacham-Diamand and Moty Ben Arie - qualify as independent directors under the Companies Law.

External Directors

Under the Companies Law, we are required to appoint at least two external directors. Each committee of a company's board of directors which is authorized to exercise the board of directors' authorities is required to include at least one external director, except for the audit committee and the compensation committee, which are required to include all of the external directors. The Alleviation Regulations allow companies whose shares are traded on Nasdaq and which do not have a controlling shareholder (within the meaning of the Companies Law) to exempt themselves from the requirement to have external directors on their board of directors and from related requirements imposed by the Companies Law concerning the composition of the audit and compensation committees, provided that they continue to comply with the relevant U.S. securities laws and the Nasdaq Rules applicable to U.S. domestic issuers, regarding the independence of the board of directors and the composition of the audit and compensation committees. Currently, the relief provided in the Alleviation Regulations does not apply to us.

Qualification. To qualify as an external director, an individual or his or her relative, partner, employer, any person to whom such person is directly or indirectly subject to, or any entity under his or her control may not have, as of the date of appointment, or may not have had during the previous two years, any affiliation with the company, any entity controlling the company on the date of the appointment or with any entity controlled, at the date of the appointment or during the previous two years, by the company or by its controlling shareholder (and in a company that does not have a shareholder or an affiliated group of shareholders holding 25% or more of the company's voting rights, such person may not have any affiliation with any person who, at the time of appointment, is the chairman, the chief executive officer, the chief financial officer or a 5% shareholder of the company). In general, the term "affiliation" includes: an employment relationship, a business or professional relationship maintained on a regular basis, control and service as an Office Holder; "Control" is defined in the Israeli Securities Law as the ability to direct the actions of a company but excluding a power that is solely derived from a position as a director of the company or any other position with the company; a person who is holding 50% or more of the "controlling power" in the company – voting rights or the right to appoint a director or a general manager – is automatically considered to possess control. The Companies Law defines the term "**Office Holder**" of a company to include a director, the chief executive officer, an executive vice president, a vice president, any other person fulfilling or assuming any of the foregoing positions without regard to such person's title, and any manager who is directly subordinated to the chief executive officer.

In addition, no person can serve as an external director if the person's position or other business creates, or may create conflicts of interest with the person's responsibilities as an external director or may otherwise interfere with the person's ability to serve as an external director. Until the lapse of two years from termination of office, a company or its controlling shareholder may not give any direct or indirect benefit to a former external director.

Election and Term of External Directors. External directors are elected by a majority vote at a shareholders' general meeting, provided that either:

- a majority of the shares voted at the meeting, which are not held by controlling shareholders or shareholders with personal interest in approving the appointment (excluding personal interest not resulting from contacts with the controlling shareholder), not taking into account any abstentions, vote in favor of the election; or
- a vote in which the total number of shares voting against the election of the external director, does not exceed two percent of the aggregate voting rights in the company.

In a company in which, at the date of appointment of an external director, all the directors are of the same gender, the external director to be appointed shall be of the other gender.

An external director can be removed from office only by: (i) the same majority of shareholders that is required to elect an external director; or (b) a court, and provided that either (a) the external director ceases to meet the statutory qualifications with respect to his or her appointment, or (b) the external director violates his or her duty of loyalty to the company. The court may also remove an external director from office if he or she is unable to perform his or her duties on a regular basis.

An external director who ceases to possess any qualification required under the Companies Law for holding the office of an external director must inform the company immediately and his/her office shall terminate upon such notice.

In general, external directors serve a three-year term, which may then be extended for two additional three-year periods. Thereafter, in accordance with regulations promulgated under the Companies Law, an external director may be appointed for additional terms of service of not more than three years each provided that: (a) a company's audit committee, followed by the board of directors, have approved that considering the expertise and special contribution of the external director to the work of the board of directors and its committees, the appointment for an additional term of service is beneficial to the company; (b) the appointment for an additional term of service is approved in accordance with the requirements of the Companies Law; and (c) the prior periods of service of such external director, as well as the reasoning of the audit committee and board of directors for the approval of the extension of the term of service, were presented to the shareholders prior to their approval.

Re-election of an external director may be effected through one of the following mechanisms:

1. a shareholder holding one percent or more of a company's voting rights proposed the re-election of the nominee;
2. the board of directors proposed the re-election of the nominee and the election was approved by the shareholders by the majority required to appoint external directors for their initial term; or
3. the external director who is up for renewal has proposed himself or herself for re-election.

With respect to mechanisms 1 and 3 above, the re-election is required to fulfill all of the following terms: (i) to be approved by a majority of the votes cast by the shareholders of the Company, excluding the votes of controlling shareholders and shareholders who have a personal interest in approving such nomination resulting from their relations with the controlling shareholders; (ii) to include votes cast in favor of the re-election by such non-excluded shareholders constituting more than two percent of the voting rights in the Company; and (iii) the external director is not a related or competing shareholder or a relative of such a related or competing shareholder, at the time of the appointment, and does not and did not have any affiliation with a related or competing shareholder, at the time of the appointment or within the two years preceding the appointment. A "related or competing shareholder" is a shareholder proposing the re-appointment or a shareholder holding 5% or more of the outstanding shares or voting rights of the company, provided that at the time of the re-appointment, such shareholder, a controlling shareholder thereof or a company controlled by such shareholder or by a controlling shareholder thereof, have business relationships with the Company or are competitors of the Company.

Financial and Accounting Expertise. Pursuant to the Companies Law and regulations promulgated there under, (1) each external director must have either "accounting and financial expertise" or "professional qualifications" and (2) at least one of the external directors must have "accounting and financial expertise". A director with "accounting and financial expertise" is a director whose education, experience and skills qualifies him or her to be highly proficient in understanding business and accounting matters and to thoroughly understand the company's financial statements and to stimulate discussion regarding the manner in which financial data is presented. A director with "professional qualifications" is a person who meets any of the following criteria: (i) has an academic degree in economics, business management, accounting, law, public administration; (ii) has a different academic degree or has completed higher education in an area relevant to the company's business or which is relevant to his or her position; or (iii) has at least five years' experience in any of the following, or has a total of five years' experience in at least two of the following: (A) a senior position in the business management of a corporation with substantial business activities, (B) a senior public position or a senior position in the public service, or (C) a senior position in the company's main fields of business.

Compensation. An external director is entitled to compensation as provided in the Remuneration Regulations and is otherwise prohibited from receiving any other compensation, directly or indirectly, from the Company. For more information, please see “**Remuneration of Directors**” below.

Our External Directors. Ms. Yael Andorn and Prof. Yosi Shacham-Diamand were re-appointed as our external directors at the 2024 AGM, for a third three-year-term which will expire on September 19, 2027. Our Board of Directors has determined that Ms. Andorn has the “accounting and financial expertise” and that Mr. Shacham-Diamand has the “professional qualifications” required by the Companies Law.

Remuneration of Directors

Generally, directors’ remuneration should be consistent with a company’s compensation policy for Office Holders (see “**Compensation Policy**” below) and requires the approval of the compensation committee, the board of directors and the shareholders (in that order). Notwithstanding the above, in certain circumstances shareholder approval may be waived (see below) and, under different circumstances, the compensation committee and the board of directors may approve an arrangement that deviates from the compensation policy, provided that such arrangement is approved by a special majority of the company’s shareholders, including (i) at least a majority of the shareholders, present and voting (abstentions are disregarded), who are not controlling shareholders and who do not have a personal interest in the matter, or (ii) the non-controlling shareholders and shareholders who do not have a personal interest in the matter who were present and voted against the matter hold two percent or less of the voting power of the Company.

According to the Remuneration Regulations, external directors are generally entitled to an annual fee, a participation fee for each meeting of the board of directors or any committee of the board on which he or she serves as a member, and reimbursement of travel expenses for participation in a meeting which is held outside of the external director’s place of residence. The minimum, fixed and maximum amounts of the annual and participation fees are set forth in the Remuneration Regulations, as supplemented by the Alleviation Regulations, based on the classification of the company according to the amount of its capital. The candidate for service as external director must be notified by the company of his or her remuneration terms prior to his or her appointment and, subject to certain exceptions, such remuneration will not be amended throughout the three-year period during which he or she is in office. A company may also compensate an external director in shares or rights to purchase shares, other than convertible debentures which may be converted into shares, in addition to the annual and participation remuneration and the reimbursement of expenses, subject to certain limitations set forth in the Remuneration Regulations.

According to regulations promulgated under the Companies Law with respect to relief in approval of certain related party transactions (the “**Relief Regulations**”), shareholders’ approval for directors’ compensation and employment arrangements is not required if both the Compensation Committee and the board of directors resolve that either (i) the directors’ compensation and employment arrangements are solely for the benefit of the company or (ii) the remuneration to be paid to any such director does not exceed the maximum amounts set forth in the Remuneration Regulations. Further, according to the Relief Regulations, shareholders’ approval for directors’ compensation and employment arrangements is not required if (i) both the Compensation Committee and the board of directors resolve that such terms (a) are not more beneficial than the former terms, or are essentially the same in their effect; and (b) are in line with the company’s compensation policy; and (ii) such terms are brought for shareholder approval at the next general meeting of shareholders. Also, according to the Remuneration Regulations, shareholder approval may be waived if the remuneration to be paid to the external directors is between the fixed and maximum amounts set forth in such regulations.

As consideration for their service as directors and their participation in each meeting of the Board or Board’s committees, we pay each of our external and independent directors (all Board members except for Messrs. Amit, Aviram, Stern, Huang and Tseng) a fixed annual fee, a fixed participation fee and reimbursement of expenses in the following amounts: NIS 145,770 (approximately \$47,426) (based on the NIS/USD exchange ratio as published by the Bank of Israel on March 2, 2026 (the “**Exchange Ratio**”) as annual fee, NIS 4,380 (approximately \$1,425 based on the Exchange Ratio) as in-person participation fee, NIS 2,628 (approximately \$855 based on the Exchange Ratio) for conference call participation and NIS 2,190 (approximately \$712 based on the Exchange Ratio) for each written resolutions. As these amounts are in the range between the fixed amounts of the annual and participation fees, as set forth in the Remuneration Regulations, and the maximum amounts of such fees as set forth in the Alleviation Regulations, they are exempt from shareholder approval, in accordance with the Relief Regulations. The above-mentioned cash remuneration is in line with the Company’s Executives & Directors Compensation Policy (the “**Compensation Policy**”), according to which each of the Company’s non-executive (and non-controlling) directors is entitled to receive cash fees which include annual and participation fees. Messrs. Amit, Stern, Huang and Tseng do not receive any payment with respect to their service as our directors.

At the 2024 AGM, our shareholders approved an annual equity award mechanism for our directors, pursuant to which, each of our directors who are not classified as controlling shareholders, either currently serving or as shall be appointed from time to time (“Eligible **Directors**”), will be entitled to a fixed annual equity award, comprised of an equal mix between options to purchase Shares at an exercise price equal to the average closing price per Share as quoted on the Nasdaq Stock Market during the 30 consecutive calendar days preceding the date of grant, and RSUs, bearing an annual value of \$75,000 for our Eligible Directors (the “**Annual Equity Award**”).

See Item 6.B - “**Compensation – Employment Agreements**” above with respect to the Compensation of Lior Aviram, our Executive Chairman of the Board.

Audit Committee

SEC and Nasdaq Requirements. In accordance with the Exchange Act, rules of the SEC under the Exchange Act and Nasdaq Rules, we are required to have an audit committee consisting of at least three directors, each of whom is (i) independent; (ii) does not receive any compensation from the Company (other than directors’ fees); (iii) is not an affiliated person of the Company or any of its subsidiaries; (iv) has not participated in the preparation of the Company’s (or subsidiary’s) financial statements during the past three years; and (v) financially literate and one of whom has been determined by the board to be the audit committee financial expert. The duties and responsibilities of the audit committee under the Nasdaq Rules include: (i) recommending the appointment of the Company’s independent auditor to the board of directors, determining its compensation and overseeing the work performed by it; (ii) pre-approving all services of the independent auditor; (iii) overseeing our accounting and financial reporting processes and the audits of our financial statements; and (iv) handling complaints relating to accounting, internal controls and auditing matters.

We have adopted an audit committee charter as required by the Nasdaq Rules.

Companies Law Requirements. Under the Companies Law, the board of directors of any Israeli company whose shares are publicly traded must appoint an audit committee, comprised of at least three directors including all of the external directors. In addition, the majority of the members must meet certain independence criteria and may not include: (i) the chairman of the board; (ii) any controlling shareholder or a relative thereof; (iii) any director employed by or providing services on a regular basis to the Company, a controlling shareholder or a company owned by a controlling shareholder; or (iv) any director whose main income is provided by a controlling shareholder (the “**Non-Permitted Members**”). The chairman of such audit committee must be an external director.

The duties and responsibilities of our audit committee under the Companies Law include (1) identification of irregularities and deficiencies in the management of our business, in consultation with the internal auditor and our independent auditors, and suggesting appropriate courses of action to amend such irregularities; (2) reviewing and approval of certain transactions and actions of the Company, including the approval of related party transactions, that require approval by the audit committee under the Companies Law; defining whether certain acts and transactions that involve conflicts of interest are material or not and whether transactions that involve conflict of interests are material or not and whether transactions that involve interested parties are extraordinary or not, and to approve such transactions; (3) determining with respect to transactions with controlling shareholders, even if such are not extraordinary transactions, a duty to conduct a competitive process, under the supervision of the committee or under the supervision of whomever designated by the committee and according to standards determined by the committee, or determining other proceedings, prior to entering into such transactions, all in accordance with the type of transaction; (4) determining the method of approval of transactions which are not insignificant, including the types of transactions which shall require approval of the committee; (5) recommending the appointment of the internal auditor and its compensation to the board of directors; (6) examining the performance of our internal auditor and whether he is provided with the required resources and tools necessary for him to fulfill his role, considering, among others, the Company’s size and special needs; and (7) setting procedures for handling complaints made by Company’s employees in connection with management deficiencies and the protection to be provided to such employees.

Non-Permitted Members shall not attend audit committee's meetings or take part in its decisions, unless the chairman of the audit committee has determined that such person is required for the presentation of a certain matter. Nevertheless, an employee who is not a controlling shareholder or a relative thereof may be present at the discussion part only, pursuant to the Committee's request, and the Company's legal counsel and secretary, who are not controlling shareholders or relatives thereof, may be present during both discussion and decision making parts - pursuant to the Committee's request.

The quorum for discussions and decisions shall be the majority of the members, provided that the majority of the members present meet the independence criteria set forth in the Companies Law and at least one of them is an external director.

Our Audit Committee. The members of our Audit Committee are Mses. Yael Andorn, Orit Stav, Mr. Yosi Shacham-Diamand and Moty Ben-Arie, all of whom are independent directors in accordance with Nasdaq Rules and meet the independence criteria set forth in the Companies Law. Ms. Andorn is the Chairperson of our Audit Committee and qualifies as its audit committee financial expert.

Compensation Committee

Nasdaq Requirements. Under Nasdaq Rules, the compensation payable to our executive officers must be determined or recommended to the board for determination either by a majority of the independent directors on the board, in a vote in which only independent directors participate, or by a compensation committee comprised solely of independent directors, subject to certain exceptions.

Companies Law Requirements. According to the Companies Law, the board of directors of any Israeli company whose shares are publicly traded, must appoint a compensation committee, comprised of at least three directors, including all of the external directors which shall be the majority of its members and one thereof must serve as the chairman of the committee. The remaining members of the committee must satisfy the criteria for remuneration applicable to the external directors and qualified to serve as members of the audit committee pursuant to Companies Law requirements, as described above. However, an audit committee that satisfies the requirements of the Companies Law regarding the composition of a compensation committee may be authorized to carry out all duties and responsibilities of the compensation committee.

Further, under the Companies Law, a compensation committee is responsible for: (i) providing the board of directors its recommendations with respect to the approval of the compensation policy (see below - "**Compensation Policy**") and any amendments and/or extensions thereto; (ii) periodically reviewing the implementation of the compensation policy and providing the board of directors with recommendations with respect to any amendments or updates thereto; (iii) reviewing and resolving whether or not to approve arrangements with respect to the terms of office and employment of Office Holders; and (iv) determining whether or not to exempt a transaction with a candidate for chief executive officer, who is not affiliated with the Company or its controlling shareholder, from shareholder approval if subjection of such transaction to shareholder approval may prevent its conclusion, and provided that the terms approved are consistent with the compensation policy.

The attendance and participation in meetings of the compensation committee are subject to the same limitations that apply to the Audit Committee. The quorum for discussions and decisions shall be the majority of the members, provided that those members present are independent directors and at least one of them is an external director.

Our Compensation Committee. We follow the provisions of the Companies Law with respect to the composition and responsibilities of our Compensation Committee. As all of the members of our Audit Committee meet the independence requirements for compensation committee members set forth in the Nasdaq Rule 5605(d)(2), as a foreign private issuer, we have elected, pursuant to Nasdaq Rule 5615(a)(3), to follow Israeli practice, in lieu of compliance with the certain provisions of Nasdaq Rule 5605(d), which would require us to have a separate compensation committee. Pursuant to the Companies Law, allowing an audit committee that satisfies the requirements of the Companies Law regarding the composition of a compensation committee, to carry out all duties and responsibilities of the compensation committee, our Board of Directors has authorized our Audit Committee to carry out the duties and responsibilities of the compensation committee.

Nomination Committee

Nasdaq Requirements. The Nasdaq Rules require that director nominees be selected or recommended for the board's selection either by a nomination committee composed solely of independent directors or by a majority of independent directors, in a vote in which only independent directors participate, subject to certain exceptions.

Our Nomination Committee. In 2018, our Board of Directors appointed a Nomination Committee, comprised of our two external directors, Ms. Andorn and Mr. Shacham-Diamand, both of whom qualify as independent under the Nasdaq rules. Consistent with the requirements of the Nasdaq Rules, our Nomination Committee is responsible for: (i) identifying potential new candidates for service on the Company's Board of Directors, taking into account, *inter alia*, the candidate's applicable experience, expertise and/or familiarity with the Company's field of business, as well as the candidate's ethical character, independent judgment and industry reputation; (ii) conducting appropriate inquiries into the backgrounds and qualifications of potential candidates for service as directors; (iii) reviewing and resolving whether or not to approve arrangements with respect to such candidates; and (iv) recommending to the Board nominees for election (including re-election) to the Company's Board of Directors.

Approval of Office Holders Terms of Employment

The terms of office and employment of Office Holders (other than directors and the chief executive officer) require the approval of the compensation committee and the board of directors, provided such terms are in accordance with the company's compensation policy. Shareholder approval is also required if the compensation of such officer is not in accordance with such policy. However, in special circumstances the compensation committee and then the board of directors may nonetheless approve such compensation even if such compensation was not approved by the shareholders, following a further discussion and for detailed reasoning.

The terms of office and employment of directors, the chief executive officer or controlling shareholders (or a relative thereof), regardless of whether or not such terms conform to the company's compensation policy, should be approved by the compensation committee, the board of directors and the shareholders, by a special majority, except for: (a) approval of terms of office and employment of directors, which are consistent with the company's compensation policy, and require shareholder approval by a regular majority; or (b) approval of terms of office and employment of directors pursuant to certain reliefs provided for under the Remuneration Regulations and/or the Relief Regulations, with respect to which shareholder approval is waived. Shareholder special majority should include (i) at least a majority of the shareholders who are not controlling shareholders and who do not have a personal interest in the matter, present and voting (abstentions are disregarded), or (ii) the non-controlling shareholders and shareholders who do not have a personal interest in the matter who were present and voted against the matter hold two percent or less of the voting power of the company ("**Special Majority**"). Notwithstanding the above, in special circumstances the compensation committee and then the board of directors may nonetheless approve compensation for the chief executive officer, even if such compensation was not approved by the shareholders, following a further discussion and for detailed reasoning. In addition, under certain circumstances, a company's compensation committee may exempt the terms of office and employment of a candidate for service as the CEO from shareholders' approval, provided that the candidate is not a director and that the terms of office are compliant with the company's compensation policy.

In addition, amendment of existing terms of office and employment of Office Holders who are not directors requires the approval of the compensation committee only, if the compensation committee determines that the amendment is not material.

Compensation Policy

Under the Companies Law we are required to adopt a compensation policy, which sets forth company policy regarding the terms of office and employment of Office Holders, including compensation, equity awards, severance and other benefits, exemption from liability and indemnification. Such compensation policy should take into account, among other things, providing proper incentives to directors and officers, management of risks by the company, the officer's contribution to achieving corporate objectives and increasing profits, and the function of the officer or director.

Our Compensation Policy is designed to balance between the importance of incentivizing Office Holders to reach personal targets and the need to assure that the overall compensation meets our Company's long-term strategic performance and financial objectives. The Compensation Policy provides our Compensation Committee and our Board of Directors with adequate measures and flexibility to tailor each of our Office Holder's compensation package based, among other matters, on geography, tasks, role, seniority and capability. Moreover, the Compensation Policy is intended to motivate our Office Holders to achieve ongoing targeted results in addition to a high level business performance in the long term, without encouraging excessive risk taking.

The Compensation Policy and any amendments thereto must be approved by the board of directors, after considering the recommendations of the compensation committee, and by a Special Majority of our shareholders. The Compensation Policy must be reviewed from time to time by the board, and must be re-approved or amended by the board of directors and the shareholders no less than every three years. If the Compensation Policy is not approved by the shareholders, the compensation committee and the board of directors may nonetheless approve the policy, following further discussion of the matter and for detailed reasons.

We maintain a compensation policy for our office holders, which was most recently approved by our shareholders at the 2024 AGM and was amended at the 2025 AGM. The following is a brief overview of the main terms included in the Compensation Policy:

Base Salaries

Executives' Base Salaries is determined by the Compensation Committee and Board based on comparative benchmark information regarding salaries of applicable executives in peer group companies, rather than on fixed caps as provided for under the current compensation policy. Executives' Base Salaries shall not exceed the 50th percentile of the relevant benchmark, unless the Compensation Committee and the Board deem that unique and special circumstances warrant a deviation from such cap with respect to a specific Executive.

Annual Cash Bonus

On Target Cash Plan: Under the Compensation Policy, Executives' On Target Cash Plan shall be calculated based on each Executive's annual Base Salary, so that the On Target Cash Plan of Executives other than the CEO and the Executive Chairman of the Board shall be capped at 75% of such Executives' annual Base Salary, and the CEO's and the Executive Chairman of the Board On Target Cash Plan shall be capped at 100% of his or her annual Base Salary.

On Target Bonus Cap: Under the Compensation Policy, the actual Cash Plan payment to all Executives (including the CEO and the Executive Chairman of the Board) shall be capped at 200% of the Executive's On Target Cash Plan.

On Target Bonus Threshold: The Compensation Policy provides for an increased threshold for payment of any amounts under an Executive's Cash Plan, such that payment of any bonus under the Company's Cash Plan will only be made upon the achievement of a minimum Non GAAP Net Profit of \$6,000,000.

Change of Control Bonus

The Compensation Policy provides for a "change of control" cash payment of up to six monthly Base Salaries, and further provides that in the event of a change of control that creates a significant value to the Company's shareholders, by presenting a premium of at least 40% over the average of the closing prices per share of the Company's ordinary shares as quoted on the Nasdaq Global Market for the 20 trading days ending one day prior to the execution of the term sheet (or similar instrument) for such change of control event, the Compensation Committee and Board may approve an increased "change in control" cash payment, of up to 12 monthly Base Salaries.

Equity Based Compensation

Under the Compensation Policy, the total yearly Equity Value granted to an Executive shall not exceed (i) with respect to the CEO and the Executive Chairman of the Board - 400% of his annual Base Salary; and (ii) with respect to all other Executives, 300% of such Executive's annual Base Salary, provided that at least 50% of the equity based components granted to each Executive (including the CEO) shall be subject to performance-based vesting.

Directors Compensation

The Compensation Policy provides for general guidelines with respect to the Company's non-executive and non-controlling directors' remuneration, pursuant to which, in line with the current compensation policy, directors' remuneration shall be comprised of cash compensation which includes annual fee and meeting participation fee as shall be determined in accordance with the provisions of the Companies Law, as well as equity based compensation, the annual value of which shall be capped at \$100,000 for all non-executive directors.

Insurance Framework

The Compensation Policy provides for caps on the premium which may be paid and coverage which may be purchased under the Company's Directors & Officers (D&O) insurance policies, pursuant to which the coverage which may be purchased shall be limited to the higher of: (i) \$30,000,000; or (ii) 10% of the Company's market cap (based on the average closing price of the Company's share on the Nasdaq Global Market during the preceding 30 days), plus 20% additional coverage for claims-related costs, and the cap on the premium which may be paid for each policy shall be increased to one million \$1,000,000. Further, the Compensation Committee shall be authorized, to (i) increase the coverage purchased, and/or the premium paid for such policies, by up to 20% per year, without an additional shareholders' approval, if and to the extent permitted under the Law, and (ii) to the extent an additional insurance coverage is required in its opinion with respect to a specific material transaction or a series of related transactions, to purchase coverage in amounts of up to 3 times the then existing limit of coverage under the Compensation Policy, with costs of up to 3 times the then existing limit of premium amounts under the Compensation Policy, without additional shareholders' approval, if and to the extent permitted under the Companies Law.

Clawback Policy

At our 2023 annual general meeting of shareholders (the "2023 AGM"), following the approvals of the Compensation Committee and Board of Directors, we amended Part II (Executive Compensation, Section 12 (Clawback Policy)) of the Compensation Policy, to provide that the Company has adopted a clawback policy as contemplated pursuant to Rule 10D-1 under the Exchange Act (the "Clawback Policy"), to recover any excess incentive-based compensation from current and former officers after an accounting restatement, effective as of October 2, 2023. In addition, the Compensation Committee and the Board of Directors may apply this Clawback Policy to persons who are not officers. Under the Clawback Policy, in the event that the Company is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement under U.S. federal securities law, the policy provides that the Company will recoup compensation from each current or former executive officer who, during the three-year period preceding the date on which an accounting restatement is required, received incentive compensation based on the erroneous financial data that exceeds the amount of incentive-based compensation the executive would have received based on the restatement. The Compensation Committee and the Board of Directors administer the Company's Clawback Policy and have sole discretion to determine how to seek recovery under the policy and may forgo recovery if both determine that recovery would be impracticable. The Clawback Policy is filed as an exhibit to this Annual Report.

Additional Provisions

The Compensation Policy includes additional provisions, including with respect to the following: separation package; relocation compensation; special circumstances cash incentive; indemnification and exemption; and deviation from policy caps.

Approval of Certain Transactions with Related Parties

The Companies Law requires the approval of the audit committee or the compensation committee, thereafter the approval of the board of directors and in certain cases — the approval of the shareholders, in order to effect specified actions and extraordinary transactions, such as the following:

- transactions with Office Holders and third parties - where an Office Holder has a personal interest in the transaction;
- employment terms of Office Holders; and
- extraordinary transactions with controlling parties or with a third party where a controlling party has a personal interest in the transaction; or any transaction with the controlling shareholder or his relative regarding terms of service (provided directly or indirectly, including through a company controlled by the controlling shareholder) and terms of employment (for a controlling shareholder who is not an Office Holder). A “relative” is defined in the Companies Law as spouse, sibling, parent, grandparent, descendant, spouse’s descendant, sibling or parent and the spouse of any of the foregoing.

Such extraordinary transactions with controlling shareholders require the approval of the audit committee, or the compensation committee, the board of directors and the majority of the voting power of the shareholders present and voting at the general meeting of the company (not including abstentions), provided that either:

- the majority of the shares of shareholders who have no personal interest in the transaction and who are present and voting, vote in favor; or
- shareholders who have no personal interest in the transaction who vote against the transaction do not represent more than two percent of the aggregate voting rights in the company.

Any shareholder participating in the vote on approval of an extraordinary transaction with a controlling shareholder must inform the company prior to the voting whether or not he or she has a personal interest in the approval of the transaction, and if he or she fails to do so, his or her vote will be disregarded.

Further, such extraordinary transactions, as well as any transactions with a controlling shareholder or his relative concerning terms of service or employment, need to be re-approved no less than every three years provided however that with respect to certain such extraordinary transactions the audit committee may determine that a longer duration is reasonable given the circumstances related thereto and such extended period has been approved by the shareholders.

In accordance with regulations promulgated under the Companies Law, certain defined types of extraordinary transactions between a public company and its controlling shareholder(s) are exempt from the shareholder approval requirements.

In addition, the approval of the audit committee, followed by the approval of the board of directors and the shareholders, is required to effect a private placement of securities, in which either: (i) 20% or more of the company’s outstanding share capital prior to the placement is offered, and the payment for which (in whole or in part) is not in cash, in tradable securities registered in a stock exchange or not under market terms, and which will result in an increase of the holdings of a shareholder that holds 5% or more of the company’s outstanding share capital or voting rights or will cause any person to become, as a result of the issuance, a holder of more than 5% of the company’s outstanding share capital or voting rights; or (ii) a person will become a controlling shareholder of the company. Pursuant to the 10th Amendment to the Alleviation Regulations, which became effective in March 2024, we are permitted to adhere to the pertinent U.S. securities laws and Nasdaq Regulations that apply to U.S. domestic issuers in relation to such private offerings, insofar as they encompass rules and guidelines pertaining to private offerings.

A “controlling shareholder” is defined in the Israeli Securities Law and in the provisions governing related party transactions under the Companies Law as a person with the ability to direct the actions of a company but excluding a person whose power derives solely from his or her position as a director of the company or any other position with the company, and with respect to approval of transactions with related parties also as a person who holds 25% or more of the voting power in a public company, if no other shareholder owns more than 50% of the voting power in the company, and provided that two or more persons holding voting rights in the company, who each have a personal interest in the approval of the same transaction, shall be deemed to be one holder for the evaluation of their holdings with respect to approval of transactions with related parties.

Compensation committee approval is required and thereafter, in most cases, the approval of the board of directors and in certain cases – the additional approval of the shareholders, in order to approve the grant of an exemption from the responsibility for a breach of the duty of care towards the company, for the provision of insurance and for an undertaking to indemnify any Office Holder of the company; see below under “*Insurance, Indemnification and Exemption*”.

Duties of Office Holders and Shareholders

Duties of Office Holders

Fiduciary Duties

The Companies Law imposes a duty of care and a duty of loyalty on all Office Holders of a company, including directors and officers. The duty of care requires an Office Holder to act with the level of care with which a reasonable Office Holder in the same position would have acted under the same circumstances. The duty of loyalty includes avoiding any conflict of interest between the Office Holder’s position in the company and his personal affairs, any competition with the company, or exploiting any business opportunity of the company in order to receive personal advantage for himself or others. It also requires an Office Holder to reveal to the company any information or documents relating to the company’s affairs which the Office Holder has received due to his position as an Office Holder.

The company may approve an action by an Office Holder from which the Office Holder would otherwise have to refrain due to its violation of the Office Holder’s duty of loyalty if: (i) the Office Holder acts in good faith and the act or its approval does not cause harm to the company, and (ii) the Office Holder discloses the nature of his or her interest in the transaction to the company a reasonable time before the company’s approval.

Each person listed in the table under “Directors and Senior Management” above is considered an Office Holder under the Companies Law (for definition of “Office Holder” under the Companies Law see above under “*External directors*” – “*Qualification*”).

Disclosure of Personal Interests of an Office Holder

The Companies Law requires that an Office Holder of a company promptly disclose any personal interest that he or she may possess and all related material information and documents known to him or her relating to any existing or proposed transaction by the company. If the transaction is an extraordinary transaction, the Office Holder must also disclose any personal interest held by the Office Holder’s spouse, siblings, parents, grandparents, descendants, spouse’s siblings, parents and descendants and the spouses of any of these people, or any corporation in which the Office Holder: (i) holds at least 5% of the company’s outstanding share capital or voting rights; (ii) is a director or general manager; or (iii) has the right to appoint at least one director or the general manager. An extraordinary transaction is defined as a transaction that is either (i) not in the ordinary course of business; (ii) not on market terms; or (iii) likely to have a material impact on the company’s profitability, assets or liabilities.

In the case of a transaction which is not an extraordinary transaction, after the Office Holder complies with the above disclosure requirements, only board approval is required unless the articles of association of the company provide otherwise. The transaction must be for the benefit of the company. If a transaction is an extraordinary transaction, or with respect to terms of office and employment, then in addition to any approval stipulated by the articles of association, it also must be approved by the company’s audit committee (or with respect to terms of office and employment, the compensation committee) and then by the board of directors, and, under certain circumstances, by the shareholders of the company. A director who has a personal interest in a transaction, may be present if a majority of the members of the board of directors or the audit committee (or with respect to terms of office and employment, the compensation committee), as the case may be, has a personal interest. If a majority of the board of directors has a personal interest, then shareholders’ approval is also required.

Duties of Shareholders

Under the Companies Law, a shareholder has a duty to act in good faith toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, by voting in a general meeting of shareholders with respect to the following matters: (a) any amendment to the articles of association; (b) an increase of the company's authorized share capital; (c) a merger; or (d) approval of interested party transactions which require shareholders' approval.

In addition, any controlling shareholder, any shareholder who knows that he or she possess power to determine the outcome of a shareholder vote and any shareholder who, pursuant to the provisions of a company's articles of association, has the power to appoint or prevent the appointment of an Office Holder in the company, is under a duty to act with fairness towards the company. The Companies Law does not describe the substance of this duty but states that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty of fairness, taking into account such shareholder's position.

Insurance, Indemnification and Exemption

Pursuant to the Companies Law and the Israeli Securities Law, the Israeli Securities Authority is authorized to impose administrative sanctions, including monetary fines, against companies like ours and their officers and directors, for certain violations of the Israeli Securities Law (see in "***Administrative Enforcement***" below) or the Companies Law. The Companies Law further provides that companies like ours may indemnify their officers and directors and purchase an insurance policy to cover certain liabilities, if provisions for that purpose are included in their articles of association.

Our Articles allow us to indemnify and insure our Office Holders to the fullest extent permitted by law.

Office Holders' Exemption

Under the Companies Law, and provided that the company's articles of association allow it to do so, an Israeli company may exempt in advance an Office Holder from his or her liability to the company, in whole or in part, for a breach of his or her duty of care (except in connection with distributions). Exemption from liability for a breach of duty of loyalty is not allowed. Our Articles allow us to exempt our Office Holders to the fullest extent permitted by law.

Office Holders' Insurance

Our Articles provide that, subject to the provisions of the Companies Law, we may enter into a contract for the insurance of all or part of the liability imposed on our Office Holders in respect of an act performed by him or her in his or her capacity as an Office Holder, concerning the following:

- a breach of his or her duty of care to us or to another person;
- a breach of his or her duty of loyalty to us, provided that the Office Holder acted in good faith and had reasonable cause to assume that his or her act would not prejudice our interests; and
- a financial liability imposed upon him or her in favor of another person.

Without derogating from the aforementioned, subject to the provisions of the Companies Law and the Israeli Securities Law, we may also enter into a contract to insure an Office Holder for expenses, including reasonable litigation expenses and legal fees, incurred by him or her in relation to an administrative proceeding instituted against such Office Holder or payment required to be made to an injured party pursuant to certain provisions of the Israeli Securities Law.

Office Holder's Indemnification

Our Articles provide that, subject to the provisions of the Companies Law and the Israeli Securities Law, we may indemnify any of our Office Holders in respect of an obligation or expense specified below, imposed on or incurred by the Office Holder in respect of an act performed in his capacity as an Office Holder, as follows:

- a financial liability imposed on him or her in favor of another person by any judgment, including a settlement or an arbitration award approved by a court;
- reasonable litigation expenses, including attorney's fees, incurred by the Office Holder as a result of an investigation or proceeding instituted against him by a competent authority which concluded without the filing of an indictment against him and without the imposition of any financial liability in lieu of criminal proceedings, or which concluded without the filing of an indictment against him but with the imposition of a financial liability in lieu of criminal proceedings concerning a criminal offense that does not require proof of criminal intent or in connection with a financial sanction (the phrases "proceeding concluded without the filing of an indictment" and "financial liability in lieu of criminal proceeding" shall have the meaning ascribed to such phrases in section 260(a)(1a) of the Companies Law);
- reasonable litigation expenses, including attorneys' fees, expended by an Office Holder or charged to the Office Holder by a court, in a proceeding instituted against the Office Holder by the Company or on its behalf or by another person, or in a criminal charge from which the Office Holder was acquitted, or in a criminal proceeding in which the Office Holder was convicted of an offense that does not require proof of criminal intent; and
- expenses, including reasonable litigation expenses and legal fees, incurred by an Office Holder in relation to an administrative proceeding instituted against such Office Holder, or payment required to be made to an injured party, pursuant to certain provisions of the Israeli Securities Law.

The Company may undertake to indemnify an Office Holder as aforesaid, (a) prospectively, provided that, in respect of the first act (financial liability) the undertaking is limited to events which in the opinion of the board of directors are foreseeable in light of the Company's actual operations when the undertaking to indemnify is given, and to an amount or criteria set by the board of directors as reasonable under the circumstances, and further provided that such events and amount or criteria are set forth in the undertaking to indemnify, and (b) retroactively; provided, however, that the total aggregate indemnification amount that the Company shall be obligated to pay to all of its Office Holders, for all matters and circumstances described above, shall not exceed an amount equal to twenty five percent (25%) of the shareholders' equity at the time of the indemnification.

Limitations on Insurance and Indemnification

The Companies Law provides that a company may not insure, exempt or indemnify an Office Holder for any breach of his or her liability arising from any of the following:

- a breach by the Office Holder of his or her duty of loyalty, except that the company may enter into an insurance contract or indemnify an Office Holder if the Office Holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach by the Office Holder of his or her duty of care if such breach was intentional or reckless, but unless such breach was solely negligent;
- any act or omission done with the intent to derive an illegal personal benefit; or
- any fine, civil fine, financial sanction or monetary settlement in lieu of criminal proceedings imposed on such Office Holder.

Under the Companies Law, exemption and indemnification of, and procurement of insurance coverage for, our Office Holders, must be approved by our compensation committee and our board of directors and, with respect to the CEO and to an Office Holder who is a director also by our shareholders. However, according to the Relief Regulations, shareholders' approval for the procurement of directors' insurance is not required if the insurance policy is approved by our compensation committee and (i) the terms of such policy are within the framework for insurance coverage as approved by our shareholders and set forth in our compensation policy; (ii) the premium paid under the insurance policy is at fair market value; and (iii) the insurance policy does not and may not have a substantial effect on the Company's profitability, assets or obligations. Further, as our insurance coverage includes Office Holders who are controlling shareholders, in accordance with the Relief Regulations, shareholders' approval may be waived, if, in addition to the approval of the compensation committee as set forth above, our board of directors approves all such matters approved by the compensation committee, and both organs approve that the terms of the insurance policy are identical with respect to all Office Holders, including the controlling shareholders.

Indemnification letters, covering exemption from, indemnification and insurance of those liabilities imposed under the Companies Law and the Israeli Securities Law discussed above, were granted to each of our present Office Holders and were approved for future Office Holders. Hence, we indemnify our Office Holders to the fullest extent permitted under the Companies Law.

We currently hold directors' and officers' liability insurance policy for the benefit of our Office Holders, including our directors. This policy was approved by our Compensation Committee on November 9, 2025, and is effective until April 30, 2027.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Indemnification to Office Holders who may be deemed to hold a controlling interest in the Company

Under the Companies Law, the grant of the indemnification and exemption letters to each of our Office Holders must be approved by our Compensation Committee and our Board of Directors, and – with respect to Office Holders who serve as directors or as the CEO – also by our shareholders. In addition, under the Companies Law, the grant of the indemnification and exemption letters to those Office Holders who hold a controlling interest in the Company requires re-approval by the Compensation Committee, Board of Directors and Company's shareholders, at least once every three (3) years.

At the 2023 AGM, following the approvals of the Compensation Committee and the Board of Directors held on October 12, 2023, we have approved the grant of the indemnification and exemption letter to each of Messrs. Amit, Stern and Huang for an additional period of three (3) years.

Administrative Enforcement

The Israeli Securities Law includes an administrative enforcement procedure to be used by the Israeli Securities Authority, or ISA, to enhance the efficacy of enforcement in the securities market in Israel. This administrative enforcement procedure may be applied to any company or person (including director, officer or shareholder of a company) performing any of the actions specifically designated as breaches of law under the Securities Law. Furthermore, the Israeli Securities Law requires that the Chief Executive Officer of a company supervise and take all reasonable measures to prevent the company or any of its employees from breaching such law. The Chief Executive Officer is presumed to have fulfilled such supervisory duty if the company adopts internal enforcement procedures designed to prevent such breaches, appoints a representative to supervise the implementation of such procedures and takes measures to correct the breach and prevent its reoccurrence.

As detailed above, under the Israeli Securities Law, a company cannot obtain insurance against or indemnify a third party (including its officers and/or employees) for any administrative procedure and/or monetary fine (other than for payment of damages to an injured party). The Israeli Securities Law permits insurance and/or indemnification for expenses related to an administrative procedure, such as reasonable legal fees, provided that it is permitted under the company's articles of association.

We have adopted and implemented an internal enforcement plan to reduce our exposure to potential breaches of the Companies Law and sections in the Israeli Securities Law, which are applicable to us. Our Articles and letters of indemnification permit, among others, insurance and/or indemnification as contemplated under the Israeli Securities Law (see "***Insurance, Indemnification and Exemption***" above).

D. *Employees*

Employees

The following table sets forth the number of our employees engaged in the specified activities at the end of each of the years 2025, 2024 and 2023:

	As of December 31,		
	2025	2024	2023
Executive management	5	4	4
Research and development	193	174	151
Sales support	216	191	156
Sales and marketing	99	92	91
Administration	69	67	57
Operations	127	128	106
Total	709	656	565

The following table sets forth the number of our employees located in the following geographic regions at the end of each of the years 2025, 2024 and 2023:

	As of December 31,		
	2025	2024	2023
Israel	348	331	287
Abroad	361	325	278
Total	709	656	565

With respect to our Israeli employees, no collective bargaining agreements apply to our employees. However, by virtue of extension orders, certain provisions of the collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordination Bureau of Economic Organizations, relating primarily to the length of the work day, minimum wages, pension contributions, insurance for work-related accidents, procedures for dismissing employees, determination of severance pay and other conditions of employment - are applicable to our employees.

With respect to our (or any of our subsidiaries) Chinese employees, certain provisions of Chinese Labor Contract Law and Social Insurance Law primarily govern the formation of employer-employee relations, termination of employment, severance pay, worker dispatch, part-time employment and social insurance.

We consider our relationship with our employees to be good, and we have never experienced a labor dispute, strike or work stoppage.

E. *Share Ownership. To be updated by Camtek finance*

The following table sets forth certain information with respect to the beneficial ownership of our outstanding ordinary shares by our directors and senior management.

Beneficial ownership is determined in accordance with the rules of the SEC and generally means sole or shared power to vote or direct the voting or to dispose or direct the disposition of any ordinary shares. Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all ordinary shares shown as beneficially owned by them. All ordinary shares subject to options exercisable into ordinary shares and RSUs that will vest, as applicable, within 60 days of the date of the table are deemed to be outstanding and beneficially owned by the person holding such options and RSUs for the purpose of computing the number of shares beneficially owned by such person. They are not, however, deemed to be outstanding and beneficially owned for the purpose of computing the percentage ownership of any other shareholder. The percentage of beneficial ownership is based upon 46,548,607 ordinary shares outstanding as of March 5, 2026.

Name	Total Beneficial Ownership	Percentage
Rafi Amit ⁽¹⁾	34,128	*
Lior Aviram ⁽²⁾	-	*
Moty Ben- Arie ⁽³⁾	3,398	*
Orit Stav ⁽⁶⁾	7,125	*
Yotam Stern ⁽⁴⁾	-	*
Leo Huang ⁽⁵⁾	-	*
I-Shih Tseng	-	*
Yael Andorn ⁽⁶⁾	7,125	*
Yosi Shacham-Diamand ⁽⁷⁾	12,466	*
Moshe Eisenberg ⁽⁸⁾	7,932	*
Ramy Langer ⁽⁹⁾	7,921	*
Orit Geva Dvash ⁽¹⁰⁾	4,565	*
*Beneficially owns less than 1%		

*Beneficially owns less than 1%

- (1) Includes (i) 25,282 ordinary shares; and (ii) 8,546 RSUs that vest within 60 days of the date of the table. Does not include 30,640 RSUs that do not vest within 60 days of the date of the table. As a result of this agreement, and due to the fact that there are no other shareholders holding more than 50% of the voting equity in Priortech Ltd., Messrs. Rafi Amit, Yotam Stern, David Kishon, and Hanoch Feldstien and the estates of Itzhak Krell (deceased) (through Eyal Krell, Israel Shai Krell and Galit Drori Krell), Zehava Wineberg (deceased) and Haim Langmas (deceased), may be deemed to control Priortech. Mr. Amit disclaims beneficial ownership of the shares held by Priortech. See Item 7. Major Shareholders and Related Party Transactions. A. Major Shareholders – Beneficial Ownership” below.
- (2) Does not include 26,774 RSUs that do not vest within 60 days of the date of the table.
- (3) Includes (i) 1,009 ordinary shares; and (ii) fully vested options to purchase 4,056 ordinary shares, at an exercise price of \$63.51–81.28 per share, which expire by September 2031. Does not include (i) options to purchase 1,095 ordinary shares which fully vest at the 2026 AGM, at an exercise price of \$59.76 per share, which expire in April 2032 and (ii) 628 RSUs that do not vest within 60 days of the date of the table.

- (4) Mr. Stern does not directly own any of our ordinary shares. As a result of this agreement, and due to the fact that there are no other shareholders holding more than 50% of the voting equity in Priortech Ltd., Messrs. Rafi Amit, Yotam Stern, David Kishon, and Hanoch Feldstien and the estates of Itzhak Krell (deceased) (through Eyal Krell, Israel Shai Krell and Galit Drori Krell), Zehava Wineberg (deceased) and Haim Langmas (deceased), may be deemed to control Priortech. Mr. Stern disclaims beneficial ownership of the shares held by Priortech. See Item 7. Major Shareholders and Related Party Transactions. A. Major Shareholders – Beneficial Ownership” below.
- (5) Mr. Huang does not directly own any of our ordinary shares. Based on information we received from Chroma, Mr. Huang is considered a controlling person with regard to Chroma, accordingly Mr. Huang may be deemed to beneficially own the 7,817,440 shares of the Company held by Chroma. Mr. Huang disclaims beneficial ownership of such shares. See Item 7. Major Shareholders and Related Party Transactions. A. Major Shareholders – Beneficial Ownership” below.
- (6) Includes (i) 1,437 ordinary shares; and (ii) fully vested options to purchase 5,188 ordinary shares, at an exercise price of \$22.63-81.28 per share, which expire by September 2031. Does not include (i) options to purchase 1,095 ordinary shares which fully vest at the 2026 AGM, at an exercise price of \$59.76 per share, which expire in April, 2032; and (ii) 628 RSUs that do not vest within 60 days of the date of the table.
- (7) Includes (i) 5,852 ordinary shares; and (ii) fully vested options to purchase 6,614 ordinary shares, at an exercise price of \$22.63-81.28 per share, which expire by September, 2031 . Does not include (i) options to purchase 1,095 ordinary shares which fully vest at the 2026 AGM, at an exercise price of \$59.76 per share, which expire in April, 2032; and (ii) 628 RSUs that do not vest within 60 days of the date of the table.
- (8) Includes (i) 4,038 ordinary shares; and (ii) 3,894 RSUs that vest within 60 days of the date of the table. Does not include 14,108 RSUs that do not vest within 60 days of the date of the table.
- (9) Includes (i) 3,085 ordinary shares; and (ii) 4,836 RSUs that vest within 60 days of the date of the table. Does not include 17,674 RSUs that do not vest within 60 days of the date of the table.
- (10) Includes (i) 3,365 ordinary shares; and (ii) 1,200 RSUs that vest within 60 days of the date of the table. Does not include 5,081 RSUs that do not vest within 60 days of the date of the table.

The options were granted pursuant to our then in effect equity plan and in accordance with the grant terms included therein. The RSUs were granted pursuant to our Share Incentive Plan (and Sub-Plan for Grantees Subject to Israeli Taxation) (the “**2018 Plan**”).

Share Incentive Plans

General

We currently maintain one active share incentive plan which is the 2018 Plan.

The 2018 Plan was adopted by the Company in April 2018 and replaced the Company’s previous equity plans - the 2014 Share Option Plan and the 2007 Restricted Share Unit Plan.

The purpose and intent of the 2018 Plan is to advance, pursuant to the Compensation Plan, the interests of the Company by affording to selected employees, officers, directors, consultants and other services providers of the Company and its affiliates an opportunity to acquire or increase its proprietary interest in the Company by the grant in their favor of options, restricted shares and RSUs (the “**Awards**”) thus providing them with an additional incentive to become, and to remain, employed and/or engaged by the Company, encouraging their sense of proprietorship and stimulating their active interest in the success of the Company.

2018 Plan

General. As of December 31, 2025, 671,306 Awards were outstanding under the 2018 Plan.

Administration of the 2018 Plan. Our 2018 Plan is administered by our Board. Under the 2018 Plan, Awards may be granted to our officers, directors, employees or consultants and those of our subsidiaries. The exercise price of options under the 2018 Plan is determined by our Board, and is generally set as the fair market value on the date of grant. The purchase price for each RSU and restricted share is not more than the underlying share's nominal value, unless otherwise determined by the Board. The vesting schedule of the Awards is also determined by the Board of Directors; generally the options vest over a four-year period, with 25% of the options vest on each anniversary of the vesting start date. The vesting of Awards may also be subject to performance conditions, which shall be either in addition to or instead of the aforementioned time-based vesting. Each Award granted under the 2018 Plan is usually exercisable between its vesting time and up to seven years from the date of grant, subject to certain early expiration provisions, such as in the event of termination of employment or engagement with the Company.

Future Awards to be granted by us to our employees, officers, directors and consultants, or those of our affiliates, will only be made pursuant to the 2018 Plan.

E. *Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation.*

Not applicable.

Item 7. Major Shareholders and Related Party Transactions.

A. *Major Shareholders.*

The following table provides information regarding the beneficial ownership of our ordinary shares as of March 4, 2026, held by each person or entity who beneficially owns more than 5% of our outstanding ordinary shares. None of these shareholders has different voting rights than any of the Company's other shareholders.

Beneficial ownership is determined in accordance with the rules of the SEC and generally means sole or shared power to vote or direct the voting or to dispose or direct the disposition of any ordinary shares. Except as indicated by footnote, the person named in the table below has sole voting and investment power with respect to all ordinary shares shown as beneficially owned by it. The percentage of beneficial ownership is based upon 46,548,607 ordinary shares outstanding as of March 5, 2026.

	Number of Ordinary Shares*	Percentage
Prioritech Ltd. (1)	9,617,787	20.66%
Chroma ATE Inc. (2)	7,817,440	16.79%
Wastach Advisors LP (3)	3,167,997	6.80%
Harel Insurance Investments & Financial Services Ltd. (4)	2,410,045	5.3%
Migdal Insurance & Financial Holdings Ltd (5)	2,332,037	5.09%

- (1) 29.26% of the voting equity in Priortech Ltd. is subject to a voting agreement. As a result of this agreement, and due to the fact that there are no other shareholders holding more than 50% of the voting equity in Priortech Ltd., Messrs. Rafi Amit, Yotam Stern, David Kishon, and Hanoch Feldstien and the estates of Itzhak Krell (deceased) (through Eyal Krell, Israel Shai Krell and Galit Drori Krell), Zehava Wineberg (deceased) and Haim Langmas (deceased), may be deemed to control Priortech Ltd. The voting agreement does not provide for different voting rights for Priortech than the voting rights of other holders of our ordinary shares. Priortech's principal executive offices are located at South Industrial Zone, Migdal Ha'Emek 23150, Israel.
- (2) Based on the Schedule 13G filed by Chroma ATE Inc. on August 6, 2019, which presented ownership as of June 19, 2019. The 7,817,440 Ordinary Shares reported under such Schedule 13G by Chroma are beneficially owned by Chroma. Chroma's principal address is No. 66, Hwa Ya 1 Rd., Guishan District, Taoyuan City 333, Taiwan.
- (3) Based on the Schedule 13G/A filed by Wasatch Advisors LP ("Wasatch") on February 10, 2026, which presented ownership as of December 31, 2025. The 3,167,997 Ordinary Shares reported under such Schedule 13G/A by Wasatch are beneficially owned by Wasatch. The address of Wasatch provided in its Schedule 13G/A is 505 Wakara Way, 3rd Floor, Salt Lake City, 84108, United States.
- (4) Based on the Schedule 13G filed by Harel Insurance Investments & Financial Services Ltd. ("Harel") on December 23, 2025, which presented ownership as of December 19, 2025. Of the 2,410,045 Ordinary Shares reported as beneficially owned, (i) 2,350,934 Ordinary Shares are held for members of the public through, among others, provident funds and/or mutual funds and/or pension funds and/or insurance policies and/or exchange traded funds, which are managed by subsidiaries of Harel, each of which subsidiaries operates under independent management and makes independent voting and investment decisions, (ii) 40,184 Ordinary Shares are held by third-party client accounts managed by a subsidiary of Harel as portfolio managers, which subsidiary operates under independent management and makes independent investment decisions and has no voting power in the securities held in such client accounts, and (iii) 18,927 Ordinary Shares are beneficially held for Harel's own account. The Schedule 13G provides that Harel shall not be construed as admitting that it is the beneficial owner of more than 18,927 Ordinary Shares. The address of Harel provided in its Schedule 13G is 3 Aba Hillel Street, Ramat Gan 52118, Israel.
- (5) Based on the Schedule 13G filed by Migdal Insurance & Financial Holdings Ltd. ("Migdal") on February 17, 2026, which presented ownership as of December 31, 2025. Of the 2,332,037 Ordinary Shares reported as beneficially owned, (i) 1,891,465 ordinary shares beneficially owned by Migdal Sal Domestic Equities; and (ii) 440,572 ordinary shares beneficially owned by Migdal Mutual Funds Ltd. The Schedule 13G provides that Harel shall not be construed as admitting that it is the beneficial owner of any of the Ordinary Shares covered by the Schedule 13G. The address of Migdal provided in its Schedule 13G is 4 Efal Street; P.O. Box 3063; Petach Tikva 49512, Israel.

B. Related Party Transactions.

Agreements with Priortech and Chroma

For a description of definitive agreements signed between the Company, Priortech and Chroma, see Item 4.A. – *"History and Development of the Company"*.

Registration Rights Agreement with Priortech and Chroma

On March 1, 2004, we entered into a registration rights agreement providing for us to register with the SEC certain of our ordinary shares held by Priortech. This registration rights agreement may be used in connection with future offerings of our ordinary shares, and includes, among others, the following terms: (a) Priortech is entitled to make up to three demands that we register our ordinary shares held by Priortech, subject to delay due to market conditions; (b) Priortech will be entitled to participate and sell our ordinary shares in any future registration statements initiated by us, subject to delay due to market conditions; (c) we will indemnify Priortech in connection with any liabilities incurred in connection with such registration statements due to any misstatements or omissions other than information provided by Priortech, and Priortech will indemnify us in connection with any liabilities incurred in connection with such registration statements due to any misstatements or omissions in written statements by Priortech made for the purpose of their inclusion in such registration statements; and (d) we will pay all expenses related to registrations which we have initiated, except for certain underwriting discounts or commissions or legal fees, and Priortech will pay all expenses related to a registration initiated at its demand in which we are not participating.

On December 30, 2004, the Registration Rights Agreement with Priortech was amended. The amendment concerns primarily the grant of unlimited shelf registration rights there under to Priortech with respect to its holdings in us, and the assignability of those shelf registration rights to its transferees.

In the framework of the Chroma Transaction, the Company, Chroma and Priortech entered into a Second Amended and Restated Registration Rights Agreement which, following the Chroma Closing Date, replaced the previous Registration Rights Agreement and grants Chroma registration rights with respect to our Ordinary Shares held by it, which are similar to those of Priortech. For a description of the definitive agreements signed under the Chroma Transaction, see Item 4.A. – “*History and Development of the Company*”.

Employment Agreement with Mr. Rafi Amit

For a description of the employment agreement with our Chief Executive Officer, Mr. Rafi Amit, see Item 6.B - “*Compensation – Employment Agreements*” above.

Employment Agreement with Mr. Lior Aviram

For a description of the employment agreement with our Executive Chairman of the Board, Mr. Lior Aviram, see Item 6.B - “*Compensation – Employment Agreements*” above.

C. *Interests of Experts and Counsel.*

Not applicable.

Item 8. Financial Information.

A. *Consolidated Statements and Other Financial Information.*

Please see the consolidated financial statements listed in Item 18 for audited consolidated financial statements prepared in accordance with this Item.

Legal Proceedings

We are not a party to any material legal proceedings, and there are no material proceeding in which any director, any member of senior management, or any of our affiliates is either a party adverse to us or our subsidiaries or has a material interest adverse to us or our subsidiaries.

Dividends

See Item 10.B - “*Memorandum and Articles - Dividend and Liquidation Rights*” below for more information regarding our dividend policy.

B. *Significant Changes.*

None.

Item 9. The Offer and Listing.

A. *Offer and Listing Details.*

The Company’s ordinary shares are traded on the Nasdaq Global Market and on TASE under the symbol “CAMT”. We are subject to Israeli securities legislation which applies to companies that are traded in dual listing.

B. *Plan of distribution.*

Not applicable.

C. Markets.

See Item 9.A above.

D. Selling Shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the Issue.

Not applicable.

Item 10. Additional Information.

A. Share Capital

Not applicable.

B. Memorandum and Articles

Copies of our Amended and Restated Articles and our Amended and Restated Memorandum of Association, as in effect as of the date of this Annual Report, are attached as Exhibits 1.1 and 1.2, respectively, to this Annual Report. The information called for by this Item is set forth in Exhibit 2.1 to this Annual Report and is incorporated by reference into this Annual Report.

C. Material Contracts.

On September 11, 2025, the Company entered into a purchase agreement (the "Purchase Agreement") with the representatives of the initial purchasers named therein (collectively, the "Initial Purchasers"), pursuant to which the Company agreed to sell \$425,000,000 aggregate principal amount of its 0.00% convertible senior notes due 2030 (the "Initial Convertible Notes") in a private placement pursuant to Rule 144A under the Securities Act. The Company also agreed to grant a 13-day option to the Initial Purchasers to purchase all or part of an additional \$75,000,000 aggregate principal amount of its 0.00% convertible senior notes due 2030 (the "Additional Notes"), which has been exercised in full. The Purchase Agreement includes customary representations, warranties and covenants. Under the terms of the Purchase Agreement, the Company has agreed to indemnify the Initial Purchasers against certain liabilities and contribute to payments which the Initial Purchasers may be required to make in respect of any such liabilities.

On September 16, 2025, the Company closed its offering of \$425,000,000 aggregate principal amount of 0.00% Convertible Senior Notes due 2030 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act, including \$75,000,000 of Additional Notes pursuant to the Initial Purchasers' exercise in full of their option to purchase Additional Notes, resulting in a total aggregate principal amount of \$500,000,000 ("2030 Convertible Notes").

The sale of the 2030 Convertible Notes closed on September 16, 2025. The 2030 Convertible Notes were issued pursuant to an indenture, dated September 16, 2025 (the "Indenture"), between the Company and U.S. Bank Trust Company, National Association, as trustee. The Notes will not bear regular interest, and the principal amount of the Notes will not accrete.

The 2030 Convertible Notes are convertible based upon an initial conversion rate of 9.1455 of the Company's ordinary shares, nominal (par) value of NIS 0.01 per share, per \$1,000 principal amount of the Notes (equivalent to a conversion price of approximately \$109.34 per ordinary share). The conversion rate will be subject to adjustment upon the occurrence of certain specified events. In addition, in connection with a make-whole fundamental change (as defined in the Indenture), or following the Company's delivery of a notice of redemption, the Company will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Notes in connection with such a corporate event or redemption, as the case may be.

The 2030 Convertible Notes will mature on September 15, 2030, unless earlier repurchased, redeemed or converted. Prior to the close of business on the business day immediately preceding June 15, 2030, a holder may convert its Notes only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on December 31, 2025 (and only during such calendar quarter), if the last reported sale price of the Company's ordinary shares for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any 10 consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of 2030 Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the ordinary shares and the conversion rate on each such trading day; (3) if the Company calls the 2030 Convertible Notes for redemption in certain circumstances, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events. On or after June 15, 2030, until the close of business on the second scheduled trading day immediately preceding the maturity date, a holder may convert its 2030 Convertible Notes at any time, regardless of the foregoing circumstances. Upon conversion, the Company will pay or deliver, as the case may be, cash, ordinary shares or a combination of cash and ordinary shares, at the Company's election.

The Company may redeem for cash (1) all of the 2030 Convertible Notes at any time on or prior to the 40th scheduled trading day immediately preceding the maturity date if certain tax-related events occur and (2) all or any portion (subject to certain limitations) of the 2030 Convertible Notes, at any time, and from time to time, on or after September 20, 2028, and on or before the 40th scheduled trading day immediately before the maturity date, at its option at any time and from time to time, if the last reported sale price per ordinary share has been at least 130% of the conversion price for a specified period of time and certain other conditions are satisfied. For any 2030 Convertible Notes the Company redeems, the Company will pay a redemption price equal to the principal amount of the 2030 Convertible Notes redeemed (plus accrued and unpaid special interest, if any is payable at the time). Upon the occurrence of a fundamental change (as defined in the Indenture), holders may require the Company to repurchase for cash all or any portion of their 2030 Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2030 Convertible Notes to be repurchased, plus accrued and unpaid special interest, if any is payable at that time.

The Indenture contains customary terms and covenants, including that upon certain events of default occurring and continuing, either the Trustee or the holders of not less than 25% in aggregate principal amount of the 2030 Convertible Notes then outstanding may declare the entire principal amount of all the 2030 Convertible Notes plus accrued and unpaid special interest, if any, to be immediately due and payable.

The 2030 Convertible Notes are the Company's senior unsecured obligations and rank senior in right of payment to any of the Company's unsecured indebtedness that is expressly subordinated in right of payment to the 2030 Convertible Notes; equal in right of payment to any of the Company's unsecured indebtedness that is not so subordinated, including the Company's 0% 2026 Convertible Notes (the "Existing Notes"); effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of the Company's subsidiaries. A copy of the Indenture and the form of the 2030 Convertible Notes are attached hereto as Exhibits 4.1 and 4.2, respectively, and are incorporated by reference herein. The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the Indenture and the form of the 2030 Convertible Notes.

The net proceeds from the sale of the Notes were approximately \$486.5 million, after deducting the Initial Purchasers' discounts and the estimated offering expenses payable by the Company. The Company used approximately \$267.0 million of the net proceeds to repurchase approximately \$167.1 million aggregate principal amount of the 2026 Convertible Notes on terms negotiated with each holder contemporaneously with the pricing of the Notes pursuant to one or more separate and individually negotiated transactions entered with one or more holders of the 2026 Convertible Notes. The Company intends to use the remainder of the net proceeds for general corporate purposes, including, but not limited to potential acquisitions, working capital, capital expenditures, investments, and research and development.

D. *Exchange Controls*

There are currently no Israeli currency control restrictions on payments of dividends or other distributions with respect to our ordinary shares or the proceeds from the sale of the shares, except for the obligation of Israeli residents to file reports with the Bank of Israel regarding certain transactions. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

The ownership or voting of our ordinary shares by non-residents of Israel, except with respect to citizens of countries which are in a state of war with Israel, is not restricted in any way by our memorandum of association or articles of association or by the laws of the State of Israel.

E. *Taxation*

U.S. FEDERAL INCOME TAX CONSIDERATIONS

Subject to the limitations described herein, this discussion summarizes certain U.S. federal income tax consequences of the purchase, ownership and disposition of our ordinary shares to a U.S. holder. A U.S. holder is a holder of our ordinary shares who is:

- an individual citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation (or another entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any political subdivision thereof, or the District of Columbia;
- an estate, the income of which may be included in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (i) if, in general, a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) that has in effect a valid election under applicable U.S. Treasury Regulations to be treated as a U.S. person.

Unless otherwise specifically indicated, this discussion does not consider the U.S. tax consequences to a person that is not a U.S. holder (a “**non-U.S. holder**”) or is a partnership and considers only U.S. holders that will own ordinary shares as capital assets (generally, for investment).

This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the “**Code**”), current and proposed Treasury Regulations promulgated under the Code and administrative and judicial interpretations of the Code, all as currently in effect and all of which are subject to change, possibly with retroactive effect. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular U.S. holder based on the U.S. holder’s particular circumstances. In particular, this discussion does not address the U.S. federal income tax consequences to U.S. holders who are broker-dealers, banks, insurance companies, tax-exempt organizations, or governmental organizations, tax-qualified retirement plans, individual retirement accounts and other tax-deferred accounts, financial institutions, grantor trusts, S corporations, partnerships or entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein), real estate investment trusts, regulated investment companies, certain former citizens, U.S. expatriates or former long-term residents of the United States, or U.S. holders who own, directly, indirectly or constructively, 10% or more of our shares (by vote or value), U.S. holders who have elected mark-to-market accounting, U.S. holders holding the ordinary shares as part of a hedging, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated transaction. U.S. holders that received ordinary shares as a result of exercising employee stock options or otherwise as compensation, U.S. holders whose functional currency is not the U.S. Dollar, persons deemed to sell our common stock under the constructive sale provisions of the Code, persons holding our common shares in connection with a trade or business conducted outside of the United States and U.S. holders who are subject to the alternative minimum tax. This discussion does not address the U.S. federal income tax consequences of holding or converting the Convertible Notes.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our ordinary shares, the tax treatment of the partnership and a partner in such partnership will generally depend on the status of the partner the activities of the partnership and certain determinations made at the partner level. Such a partner or partnership should consult its tax advisor as to its tax consequences.

You are advised to consult your tax advisor with respect to the specific U.S. federal, state, local and foreign income tax consequences of purchasing, holding or disposing of our ordinary shares.

Taxation of Distributions on the Ordinary Shares

The discussion below is subject to the discussion entitled *“Tax Consequences if We Are a Passive Foreign Investment Company”*.

The amount of a distribution with respect to the ordinary shares will equal the amount of cash and the fair market value of any property distributed and will also include the amount of any taxes withheld from such distribution. A distribution paid by us with respect to the ordinary shares to a U.S. holder will generally be treated as dividend income to the extent that the distribution does not exceed our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. Dividends that are received by U.S. holders that are individuals, estates or trusts will be taxed at the rate applicable to long-term capital gains, provided that such dividends meet the requirements of “qualified dividend income.” For this purpose, qualified dividend income generally includes dividends paid by a non-U.S. corporation if certain holding period and other requirements are met and either (a) the stock of the non-U.S. corporation with respect to which the dividends are paid is “readily tradable” on an established securities market in the U.S. (e.g., the Nasdaq Global Market) or (b) the non-U.S. corporation is eligible for benefits of a comprehensive income tax treaty with the U.S. which includes an information exchange program and is determined to be satisfactory by the U.S. Secretary of the Treasury. The IRS has determined that the U.S.-Israel income tax treaty is satisfactory for this purpose. Dividends that fail to meet such requirements are taxed at the applicable ordinary income rates. No dividend received by a U.S. holder will be a qualified dividend (1) if the U.S. holder held the ordinary share with respect to which the dividend was paid for less than 61 days during the 121-day period beginning on the date that is 60 days before the ex-dividend date with respect to such dividend, excluding for this purpose, under the rules of Code Section 246(c), any period during which the U.S. holder has an option to sell, is under a contractual obligation to sell, has made and not closed a short sale of, is the grantor of a deep-in-the-money or otherwise nonqualified option to buy, or has otherwise diminished its risk of loss by holding other positions with respect to, such ordinary share (or substantially identical securities); or (2) to the extent that the U.S. holder is under an obligation (pursuant to a short sale or otherwise) to make related payments with respect to positions in property substantially similar or related to the ordinary share with respect to which the dividend is paid. If we were to be a “passive foreign investment company” (as such term is defined in the Code), or PFIC, for any taxable year, dividends paid on our ordinary shares in such year or in the following taxable year would not be qualified dividends. See discussion below regarding our PFIC status at *“Tax Consequences if We Are a Passive Foreign Investment Company”*. In addition, a non-corporate U.S. holder will be able to take a qualified dividend into account in determining its deductible investment interest (which is generally limited to its net investment income) only if it elects to do so; in such case the dividend will be taxed at the applicable ordinary income rates.

The amount of any distribution which exceeds the amount treated as a dividend will be treated first as a non-taxable return of capital, reducing the U.S. holder’s tax basis in its ordinary shares to the extent thereof, and then, to the extent such excess amount exceeds such holder’s tax basis in such ordinary shares, as capital gain from the deemed disposition of the ordinary shares. Corporate holders will not be allowed a deduction for dividends received in respect of the ordinary shares.

Distributions paid by us in NIS generally will be included in the income of U.S. holders at the dollar amount of the distribution (including any taxes withheld therefrom), based upon the exchange rate in effect on the date the distribution is included in income, regardless of whether the payment is, in fact, converted into U.S. dollars. U.S. holders will have a tax basis in the NIS for U.S. federal income tax purposes equal to that dollar value. Any subsequent gain or loss in respect of the NIS arising from exchange rate fluctuations will generally be taxable as U.S. source ordinary income or loss.

Subject to the limitations set forth in the Code and the Treasury Regulations thereunder, U.S. holders may elect to claim a foreign tax credit against their U.S. federal income tax liability for non-U.S. income taxes withheld from dividends received in respect of the ordinary shares. The conditions and limitations on claiming a foreign tax credit include, among others, computation rules under which foreign tax credits allowable with respect to specific classes of income cannot exceed the U.S. federal income taxes otherwise payable with respect to each such class of income. In this regard, dividends paid by us generally will be foreign source “passive income” for U.S. foreign tax credit purposes. U.S. holders that do not elect to claim a foreign tax credit may instead claim a deduction for the non-U.S. income taxes withheld. The rules relating to foreign tax credits are complex, and you should consult your tax advisor to determine whether and to what extent you would be entitled to this credit or deduction. A U.S. holder will be denied a foreign tax credit for non-U.S. income taxes withheld from a dividend received on the ordinary shares (i) if the U.S. holder has not held the ordinary shares for at least 16 days of the 31-day period beginning on the date which is 15 days before the ex-dividend date with respect to such dividend or (ii) to the extent the U.S. holder is under an obligation to make related payments with respect to positions in substantially similar or related property. Any days during which a U.S. holder has substantially diminished its risk of loss on the ordinary shares are not counted toward meeting the required 16-day holding period.

Taxation of the Disposition of Ordinary Shares

Subject to the discussion below under “*Tax Consequences if We Are a Passive Foreign Investment Company*” upon the sale, exchange or other disposition of our ordinary shares (other than in certain non-recognition transactions), a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the amount realized on the disposition and the U.S. holder’s tax basis in such ordinary shares. The gain or loss recognized on the disposition of such ordinary shares will be long-term capital gain or loss if the U.S. holder held the ordinary shares for more than one year at the time of the disposition. Gain or loss recognized by a U.S. holder on a sale, exchange or other disposition of ordinary shares generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes.

A U.S. holder that uses the cash method of accounting calculates the dollar value of the proceeds received on the sale as of the date that the sale settles. However, a U.S. holder that uses the accrual method of accounting is required to calculate the value of the proceeds of the sale as of the trade date and may therefore realize foreign currency gain or loss. A U.S. holder may avoid realizing foreign currency gain or loss by electing to use the settlement date to determine the proceeds of sale for purposes of calculating the foreign currency gain or loss. In addition, a U.S. holder that receives foreign currency upon disposition of ordinary shares and converts the foreign currency into U.S. Dollars after the settlement date or trade date (whichever date the U.S. holder is required to use to calculate the value of the proceeds of sale) may have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the dollar, which will generally be U.S. source ordinary income or loss.

Net Investment Income Tax

Non-corporate U.S. holders may be subject to an additional 3.8% surtax on all or a portion of their “net investment income”, which may include dividends on, or capital gains recognized from the disposition of, our ordinary shares. U.S. holders are urged to consult their own tax advisors regarding the implications of the additional net investment income tax on their investment in our ordinary shares.

Tax Consequences if We Are a Passive Foreign Investment Company

For U.S. federal income tax purposes, we will be a passive foreign investment company, or PFIC, if, after applying certain look through rules, either (1) 75% or more of our gross income in a taxable year is passive income, or (2) 50% or more of the value (generally determined on the basis of a quarterly average) of our assets in a taxable year consist of assets that produce or are held for the production of passive income. If we own (directly or indirectly) at least 25% by value of the stock of another corporation, we will be treated for purposes of the foregoing tests as owning our proportionate share of that other corporation’s assets and as directly earning our proportionate share of that other corporation’s income. Based on an analysis of our current assets, activities, market capitalization and income and expectations about our future assets, activities, market capitalization and income, we believe that we were not a PFIC for our taxable year ended December 31, 2025. We currently expect that we will not be a PFIC in 2025 or in the foreseeable future. However, PFIC status is determined as of the end of the taxable year and is dependent on a number of factors, including the relative value of our passive assets and our non-passive assets, our market capitalization and the amount and type of our gross income. There can be no assurance that we will not become a PFIC for the current taxable year ending December 31, 2026 or in a future taxable year. No assurance can be given that the IRS or a court of law will accept our position that we are not a PFIC, and there is a risk that the IRS or a court of law could determine that we are a PFIC.

Under attribution rules, if we were a PFIC for any taxable year and had any subsidiaries or other entities in which we held a direct or indirect equity interest that were also PFICs (“**Lower-tier PFICs**”), U.S. Holders would be deemed to own their proportionate share of any such Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described below generally as if the U.S. Holders held such shares or equity interests directly.

If we are a PFIC, a U.S. holder may be subject to one of the following three alternative taxing regimes, assuming the applicable requirements are satisfied:

(a) The “QEF” regime applies if the U.S. holder elects to treat us as a “qualified electing fund” (“**QEF**”) for the first taxable year in which the U.S. holder owns our ordinary shares or in which we are a PFIC, whichever is later, and if we comply with certain reporting requirements. A U.S. Holder must make the QEF election by attaching a properly completed IRS Form 8621 (for us and any Lower-tier PFIC) to the U.S. Holder’s timely filed U.S. federal income tax return.

If the QEF regime applies, then, for each taxable year that we are a PFIC, such U.S. holder will include in its gross income a proportionate share of our ordinary earnings (which is taxed as ordinary income) and net capital gain (which is taxed as long-term capital gain), subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. These amounts would be included in income by an electing U.S. holder, whether or not such amounts are actually distributed to the U.S. holder. A U.S. holder’s basis in our ordinary shares for which a QEF election has been made would be increased to reflect the amount of any taxed but undistributed income. Generally, a QEF election allows an electing U.S. holder to treat any gain realized on the disposition of its ordinary shares as capital gain. Once made, the QEF election applies to all subsequent taxable years of the U.S. holder in which it holds our ordinary shares and for which we are a PFIC and can be revoked only with the consent of the IRS.

Special rules apply if a QEF election is made after the first taxable year in which a U.S. holder holds our ordinary shares and we are a PFIC. In such an event, the U.S. holder would be treated as if it had sold our ordinary shares for their fair market value on the last day of the taxable year immediately preceding the taxable year for which the QEF election is made and will recognize gain (but not loss) on such deemed sale in accordance with the excess distribution regime described below. Under certain circumstances, a U.S. holder may be eligible to make a retroactive QEF election with respect to a taxable year in the U.S. holder’s holding period if such U.S. holder (1)(a) reasonably believed that we were not a PFIC as of the QEF election due date for the prior taxable year, and (b) filed a protective statement in which the U.S. holder described the basis for its reasonable belief and extended the statute of limitation on the assessment of PFIC related taxes for all taxable years to which the protective statement applies; (2) obtains IRS consent; or (3) is a “qualified shareholder” within the meaning of the Treasury Regulations.

(b) A second regime, the “mark-to-market” regime, may be elected as an alternative to making a QEF election so long as our ordinary shares are “marketable stock” (e.g., “regularly traded” on a “qualified exchange” such as the Nasdaq Global Market). Pursuant to this regime, in any taxable year that we are a PFIC, an electing U.S. holder’s ordinary shares are marked-to-market each taxable year and the U.S. holder recognizes as ordinary income or loss an amount equal to the difference as of the close of the taxable year between the fair market value of our ordinary shares and the U.S. holder’s adjusted tax basis in our ordinary shares. Losses are allowed only to the extent of net mark-to-market gain previously included by the U.S. holder under the election for prior taxable years. An electing U.S. holder’s adjusted basis in our ordinary shares is increased by income recognized under the mark-to-market election and decreased by the deductions allowed under the election. Under the mark-to-market election, in a taxable year that we are a PFIC, gain on the sale of our ordinary shares is treated as ordinary income, and loss on the sale of our ordinary shares, to the extent the amount of loss does not exceed the net mark-to-market gain previously included, is treated as ordinary loss and any remaining loss from an actual disposition of ordinary shares generally would be capital loss. The mark-to-market election applies to the taxable year for which the election is made and all later taxable years, unless the ordinary shares cease to be marketable stock or the IRS consents to the revocation of the election. There can be no assurances that there will be sufficient trading volume with respect to the ordinary shares in order for the ordinary shares to be considered “regularly traded” or that our ordinary shares will continue to trade on the Nasdaq Global Select Market. Accordingly, there are no assurances that the ordinary shares will be marketable stock for these purposes. A mark-to-market election generally is unlikely to be available with respect to any Lower-tier PFIC.

If the mark-to-market election is made after the first taxable year in which a U.S. holder holds our ordinary shares and we are a PFIC, then special rules would apply.

(c) A U.S. holder making neither the QEF election nor the mark-to-market election is subject to the “excess distribution” regime. Under this regime, “excess distributions” are subject to special tax rules. An excess distribution includes (1) a distribution with respect to our ordinary shares that is greater than 125% of the average distributions received by the U.S. holder from us over the shorter of either the preceding three taxable years or such U.S. holder’s holding period for our ordinary shares prior to the distribution year and (2) gain from the disposition of our ordinary shares.

Excess distributions must be allocated ratably to each day that a U.S. holder has held our ordinary shares. A U.S. holder must include amounts allocated to the current taxable year and any taxable year prior to the first taxable year in which we were a PFIC, in its gross income as ordinary income for that year. All amounts allocated to other taxable years of the U.S. holder would be taxed at the highest tax rate for each such year applicable to ordinary income and the U.S. holder also would be liable for interest on the deferred tax liability for each such year calculated as if such liability had been due with respect to each such year. The portions of gains and distributions that are not characterized as “excess distributions” are subject to tax in the current taxable year as ordinary income under the normal tax rules of the Code. Similar treatment would apply to shares of any Lower-tier PFICs that are generally treated for this purpose as if held by the U.S. holder.

In addition, special reporting requirements may apply to U.S. holders with respect to our ordinary shares, if we were to be treated as a PFIC, and a failure to comply with such requirements may subject a U.S. holder to substantial penalties or other adverse tax consequences. We will notify U.S. holders in the event we conclude that we will be treated as a PFIC for any taxable year to enable U.S. holders to consider whether or not to elect to treat us as a QEF for U.S. federal income tax purposes, to “mark-to-market” the ordinary shares, or to become subject to the “excess distribution” regime, and we expect that in such event we will provide U.S. holders with the information needed to make a QEF election with respect to us or any Lower-tier PFIC.

U.S. holders are urged to consult their tax advisors regarding the application of the PFIC rules, including eligibility for and the manner and advisability of making, the QEF election or the mark-to-market election.

Non-U.S. Holders of Ordinary Shares

Except as described below, a non-U.S. holder of ordinary shares will not be subject to U.S. federal income or withholding tax on the receipt of dividends on, and the proceeds from the disposition of, an ordinary share, unless, in the case of U.S. federal income taxes, that item is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States and, in the case of a resident of a country which has an income tax treaty with the United States, that item is attributable to a permanent establishment in the United States or, in the case of an individual, a fixed place of business in the United States. In addition, gain recognized by an individual non-U.S. holder on the disposition of ordinary shares will be subject to income tax in the United States if the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

Information Reporting and Backup Withholding

A U.S. holder (except for certain exempt recipients, such as corporations) generally is subject to information reporting and may be subject to backup withholding with respect to dividends paid on, and the receipt of the proceeds from the disposition of, our ordinary shares. A U.S. holder of our ordinary shares who does not provide a correct taxpayer identification number may be subject to penalties imposed by the IRS. Backup withholding will generally not apply if a U.S. holder provides a correct taxpayer identification number, certifies that such holder is not subject to backup withholding or otherwise establishes an exemption from backup withholding applies.

Non-U.S. holders generally will not be subject to information reporting or backup withholding with respect to the payment of dividends on, or proceeds from the disposition of, our ordinary shares provided the non-U.S. holder provides its taxpayer identification number, certifies to its foreign status or otherwise establishes an exemption from backup withholding applies.

Backup withholding is not an additional tax and may be claimed as a credit against the U.S. federal income tax liability of a holder, or alternatively, the holder may be eligible for a refund of any excess amounts withheld under the backup withholding rules, in either case, provided that the required information is timely furnished to the IRS.

Certain U.S. holders who hold interests in “specified foreign financial assets” (as defined in Section 6038D of the Code) are generally required to file an IRS Form 8938 as part of their U.S. federal income tax returns to report their ownership of such specified foreign financial assets, which may include our ordinary shares, if the total value of those assets exceed certain thresholds. Substantial penalties may apply to any failure to timely file IRS Form 8938. In addition, in the event a holder that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. Holders should consult their own tax advisors regarding their tax reporting obligations.

ISRAELI TAXATION

The following summary describes the current tax structure applicable to companies in Israel, with special reference to its effect on us. It also discusses Israeli tax consequences material to persons purchasing our ordinary shares. We recommend that you consult your tax advisor as to the particular tax consequences of an investment in our ordinary shares.

General Corporate Tax Structure

The regular corporate tax rate applicable in 2025 and 2024 is [23%]

However, the effective tax rate payable by a company that derives income from a preferred enterprise, discussed further below, may be considerably less. See below in Item 10.E - “*Taxation - Tax Benefits under the Law for the Encouragement of Capital Investments, 1959*”.

Tax benefits under the Law for the Encouragement of Capital Investments, 1959 (the “Investment Law”)

The Company’s production facility has been granted “Approved Enterprise” status under the Investment Law. The Company participates in the Alternative Benefits Program and, accordingly, income from its approved enterprises will be tax exempt for a period of 10 years (or up to 14 years commencing in the year in which the company was granted “Approved Enterprise” status), commencing in the first year in which the Approved Enterprise first generates taxable income; this is due to the fact that the Company operates in Zone “A” in Israel.

On April 1, 2005, an amendment to the Investment Law came into effect (the “Amendment”) and has significantly changed the provisions of the Investment Law. The Amendment limits the scope of enterprises which may be approved by the Investment Center by setting criteria for the approval of a facility as a “Beneficiary Enterprise”, such as provisions generally requiring that at least 25% of the Beneficiary Enterprise’s income will be derived from export. Additionally, the Amendment enacted major changes in the manner in which tax benefits are awarded under the Investment Law so that companies no longer require Investment Center approval in order to qualify for tax benefits.

In addition, the Amendment provides that terms and benefits included in any certificate of approval already granted will remain subject to the provisions of the law as they were on the date of such approval. Therefore, the Company’s existing Approved Enterprise will generally not be subject to the provisions of the Amendment. As a result of the Amendment, tax-exempt income generated under the provisions of the Amendment, as part of a new Beneficiary Enterprise, will subject the Company to taxes upon distribution or liquidation.

The Company has been granted the status of Approved Enterprises, under the Investment Law, for investment programs for the periods which ended in 2007 and 2010, and the status of Beneficiary Enterprise according to the Amendment, for a period ending in 2014. In addition, Camtek has elected 2010 as the year of election for a period ending 2021.

The Investment Law and the criteria for receiving an “Approved Enterprise” or “Beneficiary Enterprise” status may be amended from time to time and there is no assurance that we will be able to obtain additional benefits under the Investment Law.

On December 29, 2010, the Investment Law was amended to significantly revise the tax incentive regime in Israel commencing on January 1, 2011 (the “**December 2010 Amendment**”). The December 2010 Amendment introduced a new status of “Preferred Enterprise,” replacing the existing status of “Beneficiary Enterprise.” Similar to “Beneficiary Enterprise,” a Preferred Enterprise is an industrial company meeting certain conditions, including deriving a minimum of 25% of its income from export activities. However, under the December 2010 Amendment, the requirement for a minimum investment in production assets in order to be eligible for the benefits granted under the Investments Law was cancelled. A Preferred Enterprise is entitled to a reduced flat tax rate with respect to preferred enterprise income at the following rates:

Tax Year	Development “Zone A”	Other Areas within Israel	Regular Corporate Tax Rate
2017	7.5%	16%	24%
2018	7.5%	16%	23%
2019	7.5%	16%	23%
2020	7.5%	16%	23%
2021	7.5%	16%	23%
2022	7.5%	16%	23%
2023	7.5%	16%	23%
2024	7.5%	16%	23%
2025	7.5%	16%	23%
2026	7.5%	16%	23%

Dividends distributed from income which is attributed to “Preferred Enterprise” will be subject to withholding tax at source at the following rates: (i) Israeli resident corporation at 0%; (ii) Israeli resident individual at 20%; and (iii) non-Israeli resident at 20%, such withholding tax rate can be reduced subject to a reduced tax rate under the provisions of an applicable double tax treaty.

The December 2010 Amendment was also revised to allow financial assistance to companies located in development Zone A to be granted not only as a cash grant but also as a loan. The rates for grants and loans could be up to 20% of the amount of the approved investment.

In December, 2016, the Economic Efficiency Law (Legislative Amendments for Applying the Economic Policy for the 2017 and 2018 Budget Years), 2016 which includes Amendment 73 to the Investment Law (the “December 2016 Amendment”) was published. The investment law was amended to introduce a new tax incentive regime for intellectual property (IP) based companies. Effective January 1, 2017, the December 2016 Amendment enhanced tax incentives for certain industrial companies by reducing the corporate tax rate and tax withholding obligation.

According to the December 2016 Amendment, a Preferred Enterprise located in development Zone A will be subject to a tax rate of 7.5% instead of 9% effective from January 1, 2017 and thereafter (the tax rate applicable to preferred enterprises located in other areas remains at 16%). The December 2016 Amendment also prescribes special tax tracks for Technological Enterprises, which are subject to regulation issued by the Minister of Finance on May 28, 2017.

In 2019 the Company filed a notice to the Israeli Tax Authorities regarding the implementation of the Preferred Enterprise for its 2019 preferred income (instead of a Beneficiary Enterprise). As the Company is located in Development Area A, the applied corporate tax rate is 7.5%.

The new tax tracks under the December 2016 Amendment are as follows:

Preferred Technological Enterprise - an enterprise for which total consolidated revenues of its parent company and all subsidiaries are less than NIS 10 billion. A Preferred Technological Enterprise, as defined in the Law, which is located in the center of Israel will be subject to tax at a rate of 12% on profits deriving from intellectual property (in development zone A - a tax rate of 7.5%).

Special Preferred Technological Enterprise - an enterprise for which total consolidated revenues of its parent company and all subsidiaries exceed NIS 10 billion. Such enterprise will be subject to tax at a rate of 6% on profits deriving from intellectual property, regardless of the enterprise's geographical location.

In summary, as of 2026, the applicable tax rates are as follows:

Enterprise type	Development "Zone A"	Other Areas within Israel	Regular Corporate Tax Rate
Preferred Enterprise	7.5%	16%	23%
Special Preferred Enterprise	5%	8%	23%
Preferred Technological Enterprise	7.5%	12%	23%
Special Preferred Technological Enterprise	6%	6%	23%

In addition, any dividend distributed from a Preferred Technological Enterprise to foreign companies holding at least 90% of the share capital will be subject to a reduced tax rate of 4%.

Neither the provisions of the December 2010 Amendment nor the December 2016 Amendment apply to companies currently having an "Approved Enterprise" or "Beneficiary Enterprise" status, which will continue to be entitled to the tax benefits according to the provisions of the Investment Law prior to the aforementioned amendments, unless the company having the benefits of such status has elected by filing with the Israeli Tax Authority not later than the date prescribed for the filing of the company's annual tax return for the respective year, to adopt the provisions of the December 2010 Amendment. Such election cannot be later rescinded. A company having the status of "Beneficiary Enterprise" or "Approved Enterprise" making such election by June 30, 2015 will be entitled to distribute income generated by the Beneficiary Enterprise" or "Approved Enterprise," subject to withholding tax at source at the following rates: (i) Israeli resident corporations at 0%; (ii) Israeli resident individuals at 20%; and (iii) non-Israeli residents at 20%, such withholding tax rate can be reduced subject to a reduced tax rate under the provisions of an applicable double tax treaty.

During the years 1998-2006 Camtek was subject to tax in accordance with the Approved and Beneficiary Enterprise provisions under the Law for the Encouragement of Capital Investments. As such, Camtek has income that was exempt from tax. Distribution of dividends from the exempt income requires to pay income tax on the amount of the dividend distributed at the tax rate that would have been applicable to it in the year the income was produced if it had not been exempt from tax. In February 2022, the Company, in a settlement with the Israeli Tax Authorities, elected to take advantage of the temporary rule of 2022 in Israel and pay a reduced tax rate on its historical exempt earnings to allow the Company to distribute dividends from these earnings in the future with no additional corporate tax liability (See Note 18B(b) to the Consolidated Financial Statements). The Company's Statement of Income for the year ended December 31, 2021, included a one-time tax expense of \$5,315, in respect of this settlement.

Law for the Encouragement of Industrial Research and Development, 1984

For information regarding the R&D Law, see above in Item 4.B - "*Business Overview - The Israel Innovation Authority, formerly – the Israeli Office of Chief Scientist*".

Net Operating Loss Carry forwards

As of December 31, 2025, the Company did not have a net operating loss carry forward, or NOL, for Israeli tax purposes.

Law for the Encouragement of Industry (Taxes), 1969

We believe that we currently qualify as an "Industrial Company" within the meaning of the Law for the Encouragement of Industry (Taxes), 1969 (the "**Industry Encouragement Law**"). According to the Industry Encouragement Law, an "Industrial Company" is a company incorporated in, and resident of Israel, at least 90% of the income of which, in a given tax year, exclusive of income from specified government loans, capital gains, interest and dividends which are not classified for such company as business income, is derived from an industrial enterprise owned by it. In general, an "Industrial enterprise" is defined as an enterprise whose major activity in a given tax year is industrial production.

The following corporate tax benefits are available to Industrial Companies:

- amortization of the cost of purchased know-how and patents over an eight-year period for tax purposes, from the tax year it began to use them;
- amortization of expenses incurred in some cases in connection with a public issuance of publicly traded securities over a three-year period; and
- accelerated depreciation rates on equipment and buildings.

Eligibility for the benefits under the Industry Encouragement Law is not subject to receipt of prior approval from any governmental authority. No assurance can be given that we qualify or will continue to qualify as an “Industrial Company” or that the benefits described above will be available in the future.

Taxation of Capital Gains Applicable to Non-Israeli Shareholders

Israeli law generally imposes a capital gains tax on the sale of capital assets including securities of an Israeli company (whether or not traded). The Income Tax Ordinance [New Version], 1961 (the “Ordinance”) distinguishes between “Real Capital Gain” and the “Inflationary Surplus.” The Real Capital Gain is the excess of the total capital gain over Inflationary Surplus. The Inflationary Surplus is computed generally on the basis of the cost multiplied by the difference between the Israeli consumer monthly price index as known at the date of sale and the date of purchase and, with respect to an individual, when the shares are nominated or linked to a foreign currency the Inflationary Surplus would be calculated according to the difference in changes in the foreign currency. The Inflationary Surplus accumulated after January 1, 1994 is exempt from capital gains tax.

Pursuant to the Ordinance, the Real Capital Gains tax rate applicable to individuals upon the sale of such securities is such individual’s marginal tax rate but not more than 25%, or 30% with respect to an individual who meets the definition of a ‘Substantial Shareholder’ on the date of the sale of the securities or at any time during the 12 months preceding such date. A ‘Substantial Shareholder’ is defined as a person who, either alone or together with any other person, holds, directly or indirectly, at least 10% of any of the means of control of a company (including, among other things, the right to receive profits of the Company, voting rights, the right to receive the Company’s liquidation proceeds and the right to appoint a director). Notwithstanding the foregoing, dealers in securities (Individual and corporate shareholders) in Israel are taxed at regular tax rates applicable to business income a corporate tax rate for a corporation and a marginal tax rate of up to 47% for an individual in 2024 onward.

With respect to corporate investors, capital gain tax equal to the ordinary corporate tax rate (23% in 2024 and thereafter) will be imposed on the sale of our traded shares.

However, Under Israeli law, the capital gain from the sale of shares by non-Israeli residents is tax exempt in Israel as long as our shares are listed on the Nasdaq Global Market or any other stock exchange recognized by the Israeli Ministry of Finance, and provided certain other conditions are met, the most relevant of which are: (A) the capital gain is not attributed to the foreign resident’s permanent establishment in Israel, (B) the shares were acquired by the foreign resident after the company’s shares had been listed for trading, and (C) if the seller is a non-Israeli corporation, less than 25% of its means of control are held by Israeli residents.

As our ordinary shares are traded on the NASDAQ Global Market, which qualifies as a Recognized Exchange, Real Capital Gains on the sale of our ordinary shares held by non-Israeli tax resident investors (individuals and corporations) will generally be exempt from Israeli capital gains tax so long as certain conditions are met, including that the shares were not held through a permanent establishment that the non-Israeli tax resident investor maintains in Israel.

In any event, non-Israeli corporations will not be entitled to the foregoing exemptions if an Israeli resident (a) has a controlling interest of more than 25% in such non-Israeli corporation, or (b) is the beneficiary of or is entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

Furthermore, the sale of shares may be exempt from Israeli capital gain tax under the provisions of an applicable tax treaty, as discussed below, subject to the receipt in advance of a valid certificate from the Israel Tax Authority (the "ITA") allowing for such exemption.

Withholding Taxes

Persons paying consideration for shares, including purchasers of shares, Israeli securities dealers effecting a transaction, or a financial institution through which securities being sold are held, are required, subject to any applicable exemptions and the demonstration by the selling shareholder of its non-Israeli residency and other requirements, to withhold tax upon the sale of publicly traded securities at a rate of 25% for individuals and at the corporate tax rate ([23%] in 2025 and thereafter) for corporations.

Income Taxes on Dividend Distributions to Non-Israeli Shareholders

Non-Israeli residents (whether individuals or corporations) are generally subject to Israeli withholding tax on the receipt of dividends paid by Israeli publicly traded companies at the rate of 25%, if the shares are registered with a nominee company (as such term is used in the Israeli Securities Law, 5728-1968). If the shares are not registered with a nominee company, the rate of 25% will apply to non-Israeli residents shareholders who are not considered Substantial Shareholders, as defined above, and who were not Substantial Shareholders at any time during the 12 months preceding the date of the distribution, and the rate of 30% will apply to dividends paid to Substantial Shareholders and to persons who were Substantial Shareholders at any time during the 12 months preceding the date of the distribution. Notwithstanding the above, a lower tax rate may be provided under an applicable tax treaty between Israel and the shareholder's country of residence (subject to the receipt in advance of a valid tax certificate from the ITA allowing for a reduced tax rate). The distribution of dividends to non-Israeli residents (either individuals or corporations) from income derived from a company's Approved Enterprises or Benefited Enterprises or a Preferred Enterprise, in each case during the applicable benefits period is subject to withholding tax at a rate of 20%, unless a lower tax rate is provided under an applicable tax treaty.

A non-Israeli resident who has received dividend income derived from or accrued in Israel, from which the full amount of tax was duly withheld, is generally exempt from the duty to file tax returns in Israel in respect of such income, provided that: (i) such income was not derived from a business conducted in Israel by the taxpayer; (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed; and (iii) the taxpayer is not liable for excess tax.

U.S. Israel Tax Treaty

The sale of shares may also be exempt from Israeli capital gain tax under the provisions of an applicable tax treaty. For example, the Convention Between the Government of the United States and the Government of the State of Israel With Respect to Taxes of Income, as amended, or the U.S.-Israel Tax Treaty. The U.S.-Israel Tax Treaty exempts U.S. residents for the purposes of the treaty from Israeli capital gain tax in connection with such sale, provided (i) the U.S. resident owned, directly or indirectly, less than 10% of the Israeli resident company's voting power at any time within the 12-month period preceding such sale; (ii) the seller, being an individual, is present in Israel for a period or periods of less than 183 days during the taxable year; (iii) the capital gain from the sale was not derived through a permanent establishment of the U.S. resident in Israel and (iv) the capital gains is not arising from such sale, exchange or disposition which is attributed to real estate located in Israel. Otherwise, the sale, exchange or disposition of shares would be subject to Israeli tax, to the extent applicable

However, under the U.S.-Israel Tax Treaty, U.S. residents for the purposes of the treaty may be permitted to claim a credit for such taxes against U.S. federal income tax imposed on the sale, under the circumstances and subject to the limitations specified in the U.S.-Israel Tax Treaty and U.S. tax legislation, as discussed below under "Certain Material U.S. Federal Income Tax Considerations – Distributions.

Under the U.S.-Israel Tax Treaty, the maximum Israeli withholding tax on dividends paid to a holder of our ordinary shares who is a U.S. resident for the purposes of the U.S.-Israel Tax Treaty, is generally 25%. The U.S.-Israel Tax Treaty provides that a 15% or a 12.5% Israeli dividend withholding tax will apply to dividends paid to a U.S. corporation owning 10% or more of an Israeli company's voting shares during, in general, the current tax year in which the dividend is distributed and preceding tax year of the Israeli company. The 15% rate applies to dividends distributed from income derived from an Approved Enterprise, or a Benefited Enterprise, or a Preferred Enterprise, in each case within the applicable period, and the lower 12.5% rate applies to dividends distributed from income derived from other sources. However, these provisions do not apply if the company has certain amounts of passive income. The aforementioned rates under the U.S.-Israel Treaty will not apply if the dividend income was derived through a permanent establishment of the U.S. resident in Israel.

Excess Tax

Furthermore, an additional tax liability at the rate of 3% is applicable on the annual taxable income, including, but not limited to, income derived from dividends, interest and capital gains, of individuals who are subject to tax in Israel (whether such individual is an Israeli resident or non-Israeli resident) exceeding a certain threshold (NIS 721,560 in 2025), which amount is linked to the Israeli consumer price index (according to the latest legislative acts, such linkage will be freeze for the years 2025-2027).

In addition to the above, as of January 1, 2025, individuals whose taxable income from capital sources (income from capital gains, dividends and interests) in the tax year exceeds the amount specified above (NIS 721,560 also in 2025), will be subject to an additional tax at a rate of 2% (5% in total), on the portion of their taxable income from capital sources that exceeds the amount above

F. *Dividends and Paying Agents.*

Not applicable.

G. *Statement by Experts.*

Not applicable.

H. *Documents on Display.*

We file annual reports and other information with the SEC. The SEC maintains an Internet web site at <http://www.sec.gov> that contains reports and other material that are filed through the SEC's Electronic Data Gathering, Analysis and Retrieval, or EDGAR, system. Information about us is also available on our site at <http://www.camtek.com>. Such information on our site is not part of this Annual Report.

I. *Subsidiary Information.*

Not applicable.

J. *Annual Report to Security Holders.*

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our exposure to market risk for changes in interest rates is not significant as we have no outstanding loans; see Item 5.B – "*Liquidity and Capital Resources*" above.

Foreign Currency Rate Fluctuations Camtek finance to review

We are a global company that operates in a multi-currency environment. In recent months, foreign currency exchange rates have been subject to considerable fluctuations. As a major portion of the costs of our Israeli operations, such as personnel, subcontractors, materials and facility-related costs, are incurred in NIS, an increase in the NIS value relative to the U.S. Dollar will increase our costs expressed in U.S. Dollars, and a decrease in the NIS value relative to the U.S. Dollar will decrease our costs expressed in U.S. Dollars. During 2025, the value of the U.S. Dollar weakened against the NIS by 13%. We may, from time to time, take various measures designed to reduce our exposure to these effects, but any such steps may be inadequate to protect us from currency rate fluctuations. We had no open hedging transactions as of December 31, 2025.

In our consolidated financial statements, transactions and balances originally denominated in U.S. Dollars are presented at their original amounts. Gains and losses arising from non-dollar transactions and balances are included in net income as part of financial expenses, net.

Our balance sheet exposures to fluctuations in the exchange rate between the U.S. Dollar and other currencies are primarily from NIS denominated balances. As of December 31, 2025, we had net liabilities of approximately \$14.7 million, denominated in NIS. Any fluctuation in the exchange rate between the NIS and the U.S. dollar of 1% will cause us expenses or income of \$147 thousand, in case of increase or decrease in rates, respectively.

In addition, although our products' prices in most countries are denominated in U.S. Dollars, in certain territories (currently, Europe and Japan) our products' prices are denominated in local currencies, and much of our service income in additional territories is denominated in local currencies. If there is a significant devaluation in the relevant local currencies in which we operate compared to the U.S. Dollar, those prices of our products or services that are denominated in local currency in the relevant territories will increase relative to that local currency and may be less competitive.

Item 12. Description of Securities Other than Equity Securities.

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

Not applicable.

Item 15. Controls and Procedures.

(a) Disclosure Controls and Procedures.

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) designed to provide assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, with the participation of our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Our management, including our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2025, and based on this evaluation concluded that, as of such date, the Company's disclosure controls and procedures were effective.

(b) Management's Annual Report on Internal Control Over Financial Reporting.

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over our financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurances with respect to financial statement preparation and presentation. 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 decline.

Our management evaluated the effectiveness of our internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, management has assessed the effectiveness of our internal control over financial reporting, as of December 31, 2025, and concluded that such internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) is effective.

(c) Attestation Report of the Registered Public Accounting Firm.

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by our principal accountant Somekh Chaikin, a member firm of KPMG International, an independent registered public accounting firm. The related report to our shareholders and the Board of Directors appears on page F-2 of this Annual Report.

(d) Changes in Internal Control over Financial Reporting.

There were no changes to our internal control over financial reporting that occurred during the period covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert.

Our Board of Directors has determined that Ms. Andorn qualifies as an “audit committee financial expert” and an independent director in accordance with Nasdaq Rules.

Item 16B. Code of Ethics.

We adopted a Code of Ethics, which is applicable to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. A copy of the Code of Ethics, in its current version, is available on our website, www.camtek.com.

Item 16C. Principal Accountant Fees and Services.

Our Audit Committee maintains a policy of approving and recommending only those services to be performed by our independent auditors which are permitted under the Sarbanes-Oxley Act of 2002 and the applicable rules of the SEC relating to auditor’s independence, and our independent auditors are remunerated at levels that accord with such basic principles of auditor independence.

The following table presents the aggregate amount of fees for professional services rendered to the Company by our principal accountant Somekh Chaikin, a member firm of KPMG International, located in Tel Aviv, Israel, PCAOB ID 1057, and their KPMG affiliate firms, in U.S.\$, for the years ended December 31, 2025, and 2024:

Fee Category	For 2025 Services Rendered	For 2024 Services Rendered
Audit Fees (1)	423,500	360,432
Tax Fees (2)	68,026	34,975

(1) *Audit Fees*: the audit fees for the year ended December 31, 2025 and 2024 were for professional services rendered for the integrated audit of Camtek’s annual consolidated financial statements and its internal controls over financial reporting and services that are normally provided by independent registered public accounting firm in connection with statutory and regulatory filings or engagements.

(2) *Tax Fees* rendered during 2025 and 2024 by our auditor were for tax compliance and tax advice.

Pre-Approval Policies and Procedures

Our Audit Committee has adopted a policy for pre-approval of audit and permitted non-audit services. Under the policy, the Audit Committee will pre-approve all auditing services and permitted non-audit services (including fees and other terms) to be performed for the Company by its independent auditor. All of the fees listed in the table above were approved by the Audit Committee. In addition, the Audit Committee may adopt policies and procedures to permit delegation of authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services. Decisions of the subcommittee to grant pre-approvals will be presented to the full Audit Committee at its next scheduled meeting.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant.

Not applicable.

Item 16G. Corporate Governance.

Pursuant to Rules 5255(a) and 5615(a)(3) of the Nasdaq Rules, we are relying on our home country practice with respect to the following matters: the eligibility of our securities for a direct registration program; the composition and responsibilities of our Compensation Committee; the approval of stock option plans; certain annual meeting requirements – all as set forth below:

- We have opted out of the requirement that all securities listed on Nasdaq be eligible for a direct registration program operated by a registered clearing agency as set forth in Rule 5255(a). Our procedures regarding the issuance of stock certificates comply with Israeli law and practice. According to the Companies Law, a share certificate is defined as a certificate which states the name of the owner registered in the company's shareholders register, as well as the number of shares he or she owns. In the event that what is registered in the company's shareholders register conflicts with a share certificate, then the evidentiary value of the shareholder register outweighs the evidentiary value of the share certificate. A shareholder registered in the company's shareholders register is entitled to receive from the company a certificate evidencing his ownership of the share.
- As all members of our Audit Committee meet the independence requirements for compensation committee members set forth in Nasdaq Rule 5605(d)(2), as a foreign private issuer, we have elected, pursuant to Nasdaq Rule 5615(a)(3), to follow Israeli practice, in lieu of compliance with the certain provisions of Nasdaq Rule 5605(d), requiring us to have a separate compensation committee. Accordingly, and consistent with Israeli law allowing an audit committee that satisfies the requirements of the Companies Law regarding the composition of a compensation committee, to carry out all duties and responsibilities of the compensation committee, our Audit Committee has been authorized to assume the functions and responsibilities of a compensation committee. In this respect, we have also opted out the requirement to adopt and file a compensation committee charter as set forth in Rule 5605(d)(1). We have opted out of the requirement for shareholder approval of stock option plans and other equity-based compensation arrangements as set forth in Nasdaq Rule 5635 and Nasdaq Rule 5605(d), respectively. Nevertheless, as required under the Companies Law, special shareholder voting procedures are followed for the approval of equity-based compensation of certain Office Holders or employees who are controlling shareholders or any relative thereof, as well as of our Chief Executive Officer and members of our Board of Directors. Equity-based compensation arrangements with Office Holders (chief executive officer and directors excluded) or employees who are not controlling shareholders or any relative thereof, are approved by our Compensation Committee and our Board of Directors, provided they are consistent with our Compensation Policy, and in special circumstances in deviation therefrom, taking into account certain considerations as set forth in the Companies Law.

- We have opted out of the requirement for conducting annual meetings as set forth in Nasdaq Rule 5620(a), which requires Camtek to hold its annual meetings of shareholders within twelve months of the end of a company's fiscal year end. Instead, Camtek is following home country practice and law in this respect. The Companies Law requires that an annual meeting of shareholders be held every year, and not later than 15 months following the last annual meeting (see in Item 10.B – "*Memorandum and Articles - Voting, Shareholders' Meetings and Resolutions*" above). Our 2025 AGM was held on April 29, 2025, therefore our 2026 AGM must be held by July 29, 2026. As a result of the amendment of our Articles of Association in the 2024 AGM, we follow the requirement set under Rule 5620(c) of the Nasdaq Rules which requires the presence of two or more shareholders holding at least 33 1/3% to establish a quorum for any shareholders meeting.
- We have chosen to follow our home country practice in lieu of the requirements of Nasdaq Rule 5250(d)(1), relating to an issuer's furnishing of its annual report to shareholders. Specifically, we file annual reports on Form 20-F, which contain financial statements audited by an independent accounting firm, electronically with the SEC and post a copy on our website.

Item 16H. Mine Safety Disclosure.

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

Item 16J. Insider Trading Policies.

The Company has adopted an Insider Trading Policy which contains insider trading policies and procedures governing the purchase, sale and other dispositions of the Company's securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to the Company. The Company's Insider Trading Policy is attached as Exhibit 11.1 to this Annual Report.

Item 16K. Cybersecurity.

Risk Management and Strategy

We have established a cybersecurity risk management program designed to safeguard the confidentiality, integrity, and availability of our essential systems and data. This initiative encompasses a comprehensive cybersecurity incident response strategy, which outlines the procedures, communication pathways, and governance mechanisms that are applied across the Company, addressing strategic, operational, financial, legal, and compliance-related risks.

Our cybersecurity risk management program includes:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls; and
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents.

Governance

Our board of directors considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee oversight of cybersecurity and other information technology risks. The Audit Committee oversees management's implementation of our cybersecurity risk management program.

The Audit Committee receives reports from management and relevant stakeholders on our cybersecurity risks. In addition, management updates the Audit Committee and board of directors, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential. In addition, at least once a year, the Board of Directors receives a report from management on this topic.

Our cyber security management team, led by our IT Manager and reporting to the COO, is responsible for assessing and managing our material risks from cybersecurity threats. This team, tasked with the overall governance of our cybersecurity risk management initiative, steers both our in-house cybersecurity staff and the external cybersecurity advisors we employ. Our advisors provide us with on-demand support hours for all matters related to cybersecurity. Additionally, on a quarterly basis, we hold meetings with these advisors where they update us on new solutions, emerging threats, and market risks, including available course of action the Company should consider. Furthermore, our advisors proactively update us on a weekly basis about global cyber events, potential new risks, new action plans, and cybersecurity exposures in IT products worldwide. Our management team gained expertise in cybersecurity, each member bringing proficiency and experience in the landscape of digital security. Our IT Manager, responsible for cybersecurity in our Company, has 20 years of experience in the field. Our Chief Information Security Officer (CISO) also has 20 years of experience and manages the Company's various cybersecurity solutions. Both of them have specific experience in software development and code writing. Their combined acumen covers a spectrum from threat intelligence and risk assessment to incident management and regulatory adherence.

We conduct an annual, comprehensive company-wide penetration test to assess our cybersecurity defenses. Following the completion of this test, we engage in a detailed discussion with the Company's executive team to review the findings. This discussion includes a thorough analysis of the test results, identification of vulnerabilities, and the formulation of strategic conclusions to enhance our cybersecurity posture. The insights gained from these discussions are integral to our continuous improvement efforts, ensuring that our cybersecurity measures remain robust and effective in the face of evolving threats.

This cybersecurity leadership group directs initiatives to prevent, identify, reduce, and rectify cybersecurity risks and incidents via multiple channels, including briefings from in-house security staff; threat intelligence and data from government, public or private entities, inclusive of third-party consultants; and the notifications and analyses generated by security solutions we have implemented.

PART III

Item 17. Consolidated Financial Statements.

The Company has furnished financial statements and related information specified in Item 18.

Item 18. Consolidated Financial Statements.

Our consolidated financial statements and report of independent registered public accounting firm in connection therewith, as appear below, are hereby incorporated into this Annual Report.

**Camtek Ltd.
and its subsidiaries**

**Consolidated Financial Statements
As of December 31, 2025**

Financial Statements as at December 31, 2025

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Camtek Ltd.

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

We have audited the accompanying consolidated balance sheets of Camtek Ltd. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows, for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively, the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, 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 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, 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 31, 2025, 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.

Inventory Provision Estimate

As discussed in Notes 2I and 5 to the consolidated financial statements, the inventory provision as of December 31, 2025 and 2024 were \$3,703 thousand and \$4,336 thousand, respectively. The Company estimates the inventory provision at the end of each period for damaged, obsolete, excess and slow-moving items in order for inventory to be presented at the lower of cost or net realizable value. In making this estimate, the Company periodically evaluates its inventory composition, giving consideration to factors such as changes in product demands due to uncertain industry-related market conditions and technological changes, the probability and timing of anticipated usage and the physical condition of the items. Presentation at net realizable value creates a new cost basis that is not subsequently marked up.

We identified the evaluation of the inventory provision estimate as a critical audit matter. Challenging auditor judgment was required to evaluate the Company's assumptions about changing product demands and probability of anticipated usage of inventory items.

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 inventory provision process, including controls related to the assumptions noted above. We assessed the changes in product demands and probability of anticipated usage assumptions by performing an independent analysis of available market information that took into consideration industry-related market conditions and possible technological changes. We considered the effect of technological changes on the inventory provision estimate through inquiry of finance and operational personnel. We also compared historical inventory provisions to actual quantity sold in subsequent periods to evaluate management's ability to accurately estimate the reserve.

Somekh Chaikin
Member Firm of KPMG International

We have served as the Company's auditor since 2006.

Tel Aviv, Israel

March 19, 2026

Consolidated Balance Sheets

	Note	December 31,	
		2025	2024
		U.S. Dollars (In thousands)	
Assets			
Current assets			
Cash and cash equivalents	3	177,848	126,224
Short-term deposits	2F	411,450	231,000
Marketable securities	4,21	78,862	30,813
Trade accounts receivable, net	14	90,829	99,471
Inventories	5	112,202	111,204
Other current assets	6	25,804	21,347
Total current assets		896,995	620,059
Long-term deposits	7	-	26,000
Marketable securities	4,21	182,941	87,115
Long-term inventory	5	15,569	11,879
Deferred tax asset, net	19	12,933	3,090
Other assets, net		1,881	2,001
Property, plant and equipment, net	8, 2X	65,107	54,196
Intangible assets, net	9	10,062	13,357
Goodwill	2M	74,345	74,345
Total non-current assets		362,838	271,983
Total assets		1,259,833	892,042

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

Consolidated Balance Sheets (continued)

	Note	December 31,	
		2025	2024
		U.S. Dollars (In thousands)	
Liabilities and shareholder's equity			
Current liabilities			
Trade accounts payable		33,676	46,630
Other current liabilities	10	73,749	77,280
Total current liabilities		107,425	123,910
Long-term liabilities			
Deferred tax liabilities, net	19	1,261	5,606
Other long-term liabilities	11, 13	14,311	15,366
Convertible notes	12	519,833	197,925
		535,405	218,897
Total liabilities		642,830	342,807
Commitments and contingencies	13		
Shareholders' equity	15		
Ordinary shares NIS 0.01 par value, 100,000,000 shares authorized at December 31, 2025 and 2024; 47,920,509 and 47,541,682 issued shares at December 31, 2025 and 2024, respectively; 45,828,133 and 45,449,306 shares outstanding at December 31, 2025 and 2024, respectively		178	177
Additional paid-in capital		231,892	214,931
Accumulated other comprehensive income		287	203
Retained earnings		386,544	335,822
		618,901	551,133
Treasury stock, at cost (2,092,376 shares as of December 31, 2025 and 2024)		(1,898)	(1,898)
Total shareholders' equity		617,003	549,235
Total liabilities and shareholders' equity		1,259,833	892,042

Chief Executive Officer

Chief Financial Officer

Date of approval of the financial statements: March 19, 2026

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

Consolidated Statements of Income

	Note	Year Ended December 31,		
		2025	2024	2023
		U.S. Dollars (In thousands)		
Revenues	17, 18A	496,072	429,234	315,375
Cost of revenues		245,755	219,283	167,742
Gross profit		250,317	209,951	147,633
Operating expenses:				
Research and development		48,345	38,287	31,470
Selling, general and administrative	18B	73,769	63,595	50,751
Total operating expenses		122,114	101,882	82,221
Operating profit		128,203	108,069	65,412
Financial income, net	18C	25,064	23,169	22,218
Other expenses	12A	(100,932)	-	-
Income before income tax expense		52,335	131,238	87,630
Income tax expense	19	(1,613)	(12,723)	(8,998)
Net income		50,722	118,515	78,632

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

Consolidated Statements of Income

	Year Ended December 31,		
	2025	2024	2023
	U.S. Dollars		
Earnings per share information (see Note 16):			
Basic net earnings per share	<u>1.11</u>	<u>2.62</u>	<u>1.76</u>
Diluted net earnings per share	<u>1.04</u>	<u>2.42</u>	<u>1.63</u>
Weighted average number of ordinary shares outstanding (in thousands):			
Basic	<u>45,703</u>	<u>45,279</u>	<u>44,725</u>
Diluted	<u>49,970</u>	<u>49,369</u>	<u>48,863</u>

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

Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2025	2024	2023
	U.S. Dollars (in thousands)		
Net income	50,722	118,515	78,632
Other comprehensive income, net of tax:			
Change in net unrealized gains (loss) on available-for-sale marketable securities	1,181	(558)	740
Deferred tax income (expenses)	(1,097)	632	(611)
Total other comprehensive income	84	74	129
Total comprehensive income	50,806	118,589	78,761

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

Consolidated Statements of Shareholders' Equity

	Ordinary Shares NIS 0.01 par value		Treasury Stock NIS 0.01 par value		Additional paid-in capital	Accumulated Other Comprehensive Income	Retained earnings	Total shareholders' equity
	Number of Shares	U.S. Dollars (In thousands)	Number of Shares	U.S. Dollars (In thousands)				
Balances at December 31, 2022	46,505,318	175	(2,092,376)	(1,898)	187,105	-	198,720	384,102
Exercise of share options and RSUs	488,680	1	-	-	181	-	-	182
Share-based compensation expense	-	-	-	-	12,598	-	-	12,598
Share-based compensation adjustment	-	-	-	-	505	-	-	505
Unrealised gain on investments	-	-	-	-	-	740	-	740
Deferred tax expense	-	-	-	-	-	(611)	-	(611)
Net income	-	-	-	-	-	-	78,632	78,632
Balances at December 31, 2023	<u>46,993,998</u>	<u>176</u>	<u>(2,092,376)</u>	<u>(1,898)</u>	<u>200,389</u>	<u>129</u>	<u>277,352</u>	<u>476,148</u>
Exercise of share options and RSUs	547,684	1	-	-	41	-	-	42
Share-based compensation expense	-	-	-	-	14,501	-	-	14,501
Unrealised loss on investments	-	-	-	-	-	(558)	-	(558)
Deferred tax income	-	-	-	-	-	632	-	632
Dividend paid (\$1.33 per ordinary share)	-	-	-	-	-	-	(60,045)	(60,045)
Net income	-	-	-	-	-	-	118,515	118,515
Balances at December 31, 2024	<u>47,541,682</u>	<u>177</u>	<u>(2,092,376)</u>	<u>(1,898)</u>	<u>214,931</u>	<u>203</u>	<u>335,822</u>	<u>549,235</u>
Exercise of share options and RSUs	378,827	1	-	-	69	-	-	70
Share-based compensation expense	-	-	-	-	16,892	-	-	16,892
Unrealised gain on investments	-	-	-	-	-	1,181	-	1,181
Deferred tax expenses	-	-	-	-	-	(1,097)	-	(1,097)
Net income	-	-	-	-	-	-	50,722	50,722
Balances at December 31, 2025	<u>47,920,509</u>	<u>178</u>	<u>(2,092,376)</u>	<u>(1,898)</u>	<u>231,892</u>	<u>287</u>	<u>386,544</u>	<u>617,003</u>

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

Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2025	2024	2023
	U.S. Dollars (In thousands)		
Cash flows from operating activities:			
Net income	50,722	118,515	78,632
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,779	10,666	5,784
Deferred tax benefit	(15,285)	(1,751)	(1,254)
Amortization of debt issuance costs	1,656	1,094	1,094
Share based compensation expense	16,892	14,501	12,598
Change in provision for doubtful debts	(47)	34	100
Other non-cash expenses	28	260	6
Other expenses	100,932	-	-
Financial income related to finance lease liabilities	902	(102)	-
Amortization of marketable securities	(1,618)	-	-
Changes in operating assets and liabilities:			
Trade accounts receivable, gross	7,600	(12,179)	(1,890)
Inventories	(8,285)	(32,154)	(13,692)
Due from related parties	(5)	3	(3)
Other assets	(4,262)	(3,728)	(6,766)
Trade accounts payable	(13,196)	4,275	10,121
Other current liabilities	(6,397)	22,949	(5,406)
Change in operating lease asset	(769)	(1,111)	(480)
Change in operating lease liability	1,224	967	480
Net cash provided by operating activities	141,871	122,239	79,324
Cash flows from investing activities:			
Acquisition of subsidiary consolidated for the first time (a)	-	-	(101,781)
Proceeds from acquisition (a)	-	1,295	-
Proceeds from (investment in) short-term deposits, net	(180,450)	(15,750)	36,250
Proceeds from (investment in) long-term deposits	26,000	(5,000)	58,000
Purchase of fixed assets	(14,396)	(10,102)	(8,097)
Purchase of intangible assets	(403)	(261)	(173)
Purchase of marketable securities	(215,222)	(45,810)	(103,528)
Redemption of marketable securities	74,146	19,716	11,876
Net cash used in investing activities	(310,325)	(55,912)	(107,453)

Consolidated Statements of Cash Flows (continued)

	Year Ended December 31,		
	2025	2024	2023
	U.S. Dollars (In thousands)		
Supplementary cash flows information:			
A. Cash paid and received during the year for:			
Income taxes paid (Note 19I)	14,495	10,450	13,807
Interest received	27,428	22,744	18,685
Operational lease payments	2,623	2,153	1,854
B. Non-cash transactions:			
Fixed assets purchased with supplier credit	677	435	267
Right-of-use asset recognized with corresponding operating lease liability	3,042	2,135	2,573
Right-of-use asset recognized with corresponding financial lease liability	-	4,882	-
Exercise of shares prior to receipt of payment	70	-	-

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

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 1 - Nature of Operations**

- A. Camtek Ltd. ("Camtek" or "Company"), an Israeli corporation, is jointly controlled by (20.99%) Priortech Ltd. ("Priortech"), an Israeli corporation listed on the Tel-Aviv Stock Exchange and (17.06%) Chroma Ate Inc. ("Chroma"). Camtek provides automated and technologically advanced solutions dedicated to enhancing production processes, increasing products yield and reliability, enabling and supporting customers' latest technologies in the semiconductor fabrication industry.
- B. In September 2025, the Company closed an offering of \$500,000 aggregate principal amount of 0% Convertible Senior Notes due 2030 ("2030 Convertible Notes") in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, which included the full exercise of underwriters' option to purchase an additional \$75,000 of 2030 Convertible Notes, raising \$486,271 net of underwriting discounts and commissions and other offering expenses. See Note 12.
- C. In September 2025, the Company repurchased \$167,067 of the \$200,000 aggregate principal of the 0% Convertible Senior Notes issued in November 2021 ("2026 Convertible Notes"). The amount paid was \$266,951. The net loss, including additional related expenses, was recorded as Other Expenses after Operating Profit in the Consolidated Statement of Income.
- D. In October 2023, the Company completed the acquisition of 100% of the shares of FRT GmbH ("FRT"), a German-based company. FRT is a leading supplier of high-precision metrology solutions for the Advanced Packaging and Silicon Carbide markets.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 2 - Significant Accounting Policies****A. Basis of preparation of the financial statements**

The consolidated financial statements of Camtek and its subsidiaries (collectively “the Company”) have been prepared in accordance with accounting principles generally accepted in United States of America (“US GAAP”). All amounts in the notes to the financial statements are in thousands unless otherwise stated.

B. Principles of consolidation

The accompanying consolidated financial statements include the accounts of Camtek and its subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

C. Use of estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. As applicable to these financial statements, the most significant estimates and assumptions relate to stand alone pricing, allowance for doubtful debts, slow moving inventories and valuation allowance on deferred tax assets. These estimates and assumptions are based on management’s best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances.

D. Foreign currency transactions

The functional currency of Camtek and its subsidiaries is the U.S. Dollar. Revenue generated by Camtek and its subsidiaries is primarily generated outside of Israel and a majority thereof is received in U.S. Dollars. A significant portion of materials and components purchased and operating expenses incurred are either paid for in U.S. Dollars or in New Israeli Shekels (“NIS”).

Transactions not denominated in U.S. Dollars are recorded upon their initial recognition according to the exchange rate in effect on the date of the transaction. Exchange rate differences arising upon the settlement of monetary items or upon reporting the Company’s monetary items at exchange rates different from that by which they were initially recorded during the period, or reported in previous financial statements, are charged to financial income, net.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 2 - Significant Accounting Policies (cont'd)****E. Cash and cash equivalents**

All highly liquid investments purchased with original maturities of three months or less are considered to be cash equivalents.

F. Short-term deposits

Short-term deposits are bank deposits in US Dollars with an original maturity of more than three months and remaining term at the balance sheet date of no more than twelve months. As of December 31, 2025 the average annual interest rate was 5.11% (2024 – 5.96%).

G. Marketable Securities

The Company accounts for marketable securities in accordance with ASC Topic 320, “Investments – Debt Securities”. The Company’s investments in marketable securities consist of high-grade treasury, corporate and municipal bonds.

Investments in marketable securities are classified as available for sale at the time of purchase. Available for sale securities are carried at fair value based on quoted market prices, with unrealized gains and losses, reported in accumulated other comprehensive income in the statement of comprehensive income and shareholders’ equity. Realized gains and losses on sales of marketable securities, are included in financial income, net. The amortized cost of marketable securities is adjusted for amortization of premium and accretion of discount to maturity, both of which, together with interest, are included in financial income, net.

The Company classifies its marketable securities as either short term or long term based on each instrument’s underlying contractual maturity date. Marketable securities with maturities of 12 months or less are classified as short-term and marketable securities with maturities greater than 12 months are classified as long-term.

The Company accounts for credit losses in accordance with ASU 2016-13, Topic 326 “Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments”. The guidance requires the Company to determine whether a decline in fair value below the amortized cost basis of an available for sale debt security is due to credit related factors or noncredit related factors. A credit related impairment should be recognized as an allowance on the balance sheet with a corresponding adjustment to earnings, however, if the Company intends to sell an impaired available for sale debt security or more likely than not would be required to sell such a security before recovering its amortized cost basis, the entire impairment amount would be recognized in earnings with a corresponding adjustment to the security’s amortized cost basis.

The Company did not recognize an allowance for credit losses on marketable securities as there were no expected credit losses for the year ended December 31, 2025 and 2024.

H. Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivables are recorded and carried at the original invoiced amount less an allowance for any potential uncollectible amounts, in accordance with ASC 326. The Company makes estimates of expected credit losses based upon its assessment of various factors, including historical experience, the age of the trade receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers.

Notes to the Consolidated Financial Statements as at December 31, 2025**(Amounts in thousands, except per share data)****Note 2 - Significant Accounting Policies (cont'd)****I. Inventories**

Inventories consist of completed systems, partially completed systems and components and other raw materials, and are recorded at the lower of cost or net realizable value. Cost is determined by the moving – average cost method basis.

Inventory write-downs are recorded at the end of each fiscal period for damaged, obsolete, excess and slow-moving inventory. These write-downs, to the lower of cost or net realizable value, create a new cost basis that is not subsequently marked up based on changes in underlying facts and circumstances.

Management periodically evaluates its inventory composition, giving consideration to factors such as changes to product demands due to uncertain industry related market conditions and technological changes, the probability and timing of anticipated usage and the physical condition of the items, and then estimates a charge (reducing the inventory) to be provided for slow moving, technological obsolete or damaged inventory. These estimates could vary significantly from actual use based upon future economic conditions, customer inventory levels or competitive factors that were not foreseen or did not exist when the inventory write-downs were established.

Spare parts included in inventory that are not expected to be converted or consumed within the next year are classified as non-current, based on Management's estimates taking into account market conditions.

J. Property, plant and equipment

These assets are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives on a straight-line basis.

Annual rates of depreciation are as follows:

Land	1%
Building	2%
Machinery and equipment	10% - 33%
Computer equipment and software	20% - 33%
Office furniture and equipment	6% - 20%
Automobiles	15%

Leasehold improvements are amortized by the straight-line method over the shorter of the lease term or the estimated useful economic life of such improvements.

Certain of the Company's finished goods are systems used as demonstration systems, training systems, and for product development in the Company's laboratories ("internal use"). These systems are identical to the systems that Camtek sells in its ordinary course of business. In circumstances where the Company intends to utilize such systems for its internal use, the Company transfers them from inventory to fixed assets. The rationale for the transfer is that the Company does not have the intention to sell these systems in the ordinary course of business but rather expects to use them for its internal use over their expected useful lives. These systems are recorded as fixed assets at cost and depreciated over their useful lives.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 2 - Significant Accounting Policies (cont'd)****K. Business Combinations**

The Company accounts for business combinations in accordance with ASC 805, "Business Combinations" ("ASC 805"). Under ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business ("2017-01"), the Company first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the single asset or group of assets, as applicable, is not a business.

ASC 805 requires recognition of assets acquired, liabilities assumed, and any non-controlling interest at the acquisition date, measured at their fair values as of that date. Any excess of the fair value of net assets acquired over purchase price and any subsequent changes in estimated contingencies are to be recorded in earnings.

When the Company acquires a business, the purchase price is allocated to the tangible and identifiable intangible assets, net of liabilities assumed. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. The Company uses the Discounted Cash Flow Method to assign fair values to acquired identifiable intangible assets. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, forecasted future revenue, forecasted operating results, discount rates and the appropriate weighted-average cost of capital. These estimates are inherently uncertain and unpredictable.

These models are based on reasonable estimates and assumptions given available facts and circumstances, including industry estimates and averages, as of the acquisition dates and are consistent with the plans and estimates of management.

During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of income.

L. Intangible assets

Intangible assets purchased as part of the FRT acquisition are recorded at their fair value and amortized based on their estimated revenue producing life span.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 2 - Significant Accounting Policies (cont'd)****M. Goodwill**

Goodwill has been recorded as a result of the acquisition of FRT. Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and identifiable intangible assets acquired, and related liabilities.

Goodwill is carried at cost and is not amortized, but rather is subject to an impairment test, in accordance with ASC 350, "Intangibles – Goodwill and Other", at least annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Company performs the test in the third quarter each year. ASC 350 allows the Company to first perform a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value prior to performing the quantitative goodwill impairment test. The Company operates in one operating segment, and this segment comprises its only reporting unit. The Company compared the value of its net assets to its market cap and found there was no impairment to the carrying value.

Any excess of the carrying value of the reporting unit over its fair value is recognized as an impairment loss, and the carrying value of goodwill is written down to the fair value of the reporting unit.

N. Impairment of long-lived assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the long-lived asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized to the extent that the asset's carrying amount exceeds its fair value. In 2025 and 2024, no impairment was noted.

O. Fair values of financial instruments

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, short-term deposits, trade accounts receivable, trade accounts payable and amounts from related parties approximate fair value because of their short-term nature.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 2 - Significant Accounting Policies (cont'd)**P. Revenue recognition**

The Company's contracts with its customers include performance obligations to provide its products or to service the installed products. A product sale contract may include an extended warranty (that is, for longer than the twelve-month standard warranty) as well as installation, both of which are considered separate performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on the prices charged to customers.

The Company recognizes revenue from contracts for sales of products at the point of time when the Company transfers control of the product to the customer. The transfer in control event is generally determined based on shipping terms. Shipping and handling costs are included in selling, general and administrative expenses.

Revenues from the contract are recognized in an amount that reflects the consideration the Company expects to be entitled to receive once the control of the product had been transferred to the customer and signed documentation of the arrangement, such as a signed contract or purchase order, has been received. Payment terms with customers may vary but are generally based on milestones within the delivery process such as shipping and installation. Payment terms do not include significant financing components.

The Company does not incur costs in obtaining a contract except for agents' commissions, which are incurred upon the recognition of revenues. Since revenues are recognized over a period of less than a year, sales commissions are not required to be capitalized.

Service revenues consist mainly of contracts charged under time and material arrangements. Service revenues from maintenance contracts are recognized ratably over the contract period.

The Company records contract liabilities when the customer has been billed in advance of the Company completing its performance obligations. These amounts are recorded as deferred revenue in the Consolidated Balance Sheets.

	Year Ended December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Beginning of year	22,432	13,993
Deferral of revenue	14,952	16,170
Recognition of deferred revenue	<u>(18,935)</u>	<u>(7,731)</u>
Balance at end of year	<u>18,449</u>	<u>22,432</u>

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 2 - Significant Accounting Policies (cont'd)****Q. Warranty**

The Company records a liability for standard product warranty obligations at the time of sale based upon historical warranty experience. The term of the warranty is generally twelve months.

R. Income taxes

The Company accounts for income taxes in accordance with the asset and liability method whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws expected to apply to taxable income in the years in which the deferred tax asset or liability is expected to be recovered or settled. The Company includes the foreign currency transaction gains or losses that result from re-measuring deferred taxes in income tax expense. If necessary, the Company reduces deferred tax assets with a valuation allowance to the amount that is more likely than not to be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50 percent likely to be realized. Changes in recognition or measurement are reflected in the period in which the change occurs. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expenses.

The Company may incur an additional tax liability in the event of intercompany dividend distributions by some of its subsidiaries. Such additional tax liability in respect of other non-Israeli subsidiaries has not been provided for in these consolidated financial statement as it is the Company's policy permanently to reinvest the subsidiaries' earnings and to consider distributing dividends only when this can be facilitated in connection with a specific tax or other opportunity that may arise.

Tax liabilities which would apply in the event of disposal of investments in non-Israeli subsidiaries have not been taken into account in computing the deferred taxes, as it is the Company's intention to hold, and not to realize, these investments.

S. Research and development

Research and development costs, which consist primarily of salaries, materials consumption and costs associated with subcontracting certain development efforts, are expensed as incurred.

T. Earnings per ordinary share

Basic earnings per ordinary share are calculated using only weighted average ordinary shares outstanding. Diluted earnings per share, if relevant, give effect to dilutive potential ordinary shares outstanding during the year. Such dilutive shares consist of incremental shares, using the treasury stock method, from the assumed exercise of equity awards.

The Company's convertible notes are included in the calculation of diluted Earnings Per Share ("EPS") if the assumed conversion into common shares is dilutive, using the "if-converted" method. This involves adding back the periodic non-cash interest expense net of tax associated with the convertible notes to the numerator and by adding the shares that would be issued in an assumed conversion (regardless of whether the conversion option is in or out of the money) to the denominator for the purposes of calculating diluted EPS, unless the convertible notes are antidilutive (See also Note 2Y).

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 2 - Significant Accounting Policies (cont'd)****U. Share-based compensation**

The Company accounts for its employee share-based compensation as an expense in the financial statements. All awards are equity classified and therefore such cost is measured at the grant date fair value of the award. The Company estimates share option grant date fair value using the Black-Scholes-Merton option-pricing model. Forfeitures are recognized when they occur. The Company recognizes compensation cost for an award with performance conditions or service conditions that have a graded vesting schedule on a straight-line basis over the requisite period for the entire award, provided that the cumulative amount of compensation cost recognized at any date at least equals the portion of the grant-date value of such award that is vested at that date (For details see Note 15B).

V. Fair value measurements

The Company implements the provisions of ASC Topic 820 "*Fair Value Measurements and Disclosures*" ("ASC 820"). ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy provides the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which an asset or liability is classified is based on the lowest level input that is significant to the fair value measurement in its entirety.

W. Contingent liabilities

A contingency (provision) is an existing condition or situation involving uncertainty as to the range of possible loss to the entity.

A provision for claims is recognized if it is probable (likely to occur) that a liability has been incurred and the amount can be estimated reasonably.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 2 - Significant Accounting Policies (cont'd)****X. Leases**

Under *Topic 842*, the Company determines if an arrangement is a lease at inception. Rights of use (“**ROU**”) assets and lease liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. For this purpose, the Company considers only payments that are fixed and determinable at the time of commencement. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company's incremental borrowing rate is a hypothetical rate based on its understanding of what its credit rating would be (6.3% in 2025). The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. When determining the probability of exercising such options, the Company considers contract-based, asset-based, entity-based, and market-based factors. For lease agreements, the Company has elected the practical expedient to account for the lease and non-lease maintenance components as a single lease component. Therefore, for those leases, the lease payments used to measure the lease liability include all of the fixed consideration in the contract. The Company's lease agreements generally do not contain any residual value guarantees or restrictive covenants.

Operating lease ROU assets consist mainly of vehicles and real estate and are presented as property, plant and equipment on the consolidated balance sheet. The current portion of operating lease liabilities is included in other current liabilities and the long-term portion is presented within long-term liabilities on the consolidated balance sheet.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ROU assets for operating leases are periodically reduced by impairment losses. The Company uses the long-lived assets impairment guidance in ASC Subtopic 360-10, Property, Plant, and Equipment – Overall, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize. See Note 2N.

Finance lease ROU assets consist of real estate at a German subsidiary, for which a purchase option is reasonably certain to be exercised, and are presented as property, plant and equipment on the consolidated balance sheet. The asset is depreciated over the expected useful life of the asset. The carrying amount of the liability includes the present value of future lease payments and the exercise price of the option.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 2 - Significant Accounting Policies (cont'd)****Y. Convertible Notes**

The Company accounts for its convertible notes in accordance with ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity (Topic 470-20). The Notes are accounted for as a single liability measured at its amortized cost, as no other embedded features require bifurcation and recognition as derivatives.

The transaction costs are amortized on a straight-line basis along the lifetime of the Notes.

Z. Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, Income Taxes (Topic 740) Improvements to Income Tax Disclosure. The standard requires to disclose additional information in tax rate reconciliation table about federal, state and foreign income taxes and to provide more details about the reconciling items in some categories. The standard became effective for fiscal years beginning after December 15, 2024. The Company adopted ASU 2023-09 during the year ended December 31, 2025, which resulted in updated income tax disclosures on a prospective basis.

AA. New Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03 "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses", which requires disclosure about the types of costs and expenses included in certain expense captions presented on the income statement. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted, and may be applied either prospectively or retrospectively. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements disclosures.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. This amendment introduces a practical expedient for the application of the current expected credit loss ("CECL") model to current accounts receivable and contract assets. ASU 2025-05 is effective for fiscal years beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the timing of adoption and impact of this amendment on its Consolidated Financial Statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06 Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40). The amendment modernizes the accounting for software costs and enhances the transparency about an entity's software costs. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted, and may be applied either through a prospective, retrospective or a modified transition approach. The Company is currently evaluating the timing of adoption and impact of this amendment on its Consolidated Financial Statements and related disclosures.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 2 - Significant Accounting Policies (cont'd)****AA. New Accounting Pronouncements (cont'd)**

In December 2025, the FASB issued ASU 2025-11, Interim Reporting, Narrow-Scope Improvements. The ASU was updated to improve the navigability of the required interim disclosures within ASC No. 270 and to clarify when the guidance applies. This ASU is not intended to change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements. ASU 2025-11 is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. The Company is currently evaluating the effect of adopting the ASU on its condensed consolidated financial statement disclosures.

AB. Prior Year Adjustments

The Company has reclassified certain amounts relating to its prior period results to conform to its current period presentation. These reclassifications have not changed the results of operations of prior periods.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 3 - Cash and Cash Equivalents

The Company's cash and cash equivalents balance at December 31, 2025 and 2024, is denominated in the following currencies:

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
US Dollars	164,446	117,638
New Israeli Shekels	2,796	5,243
Other currencies	10,606	3,343
	<u>177,848</u>	<u>126,224</u>

Note 4 - Marketable Securities

Summary of marketable securities amortized cost, unrealized gains, unrealized losses, and fair value as of December 31, 2025:

Marketable Securities	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Matures within one year:				
Corporate bonds	56,928	89	(5)	57,012
Government bonds	21,839	11	-	21,850
	<u>78,767</u>	<u>100</u>	<u>(5)</u>	<u>78,862</u>
Matures after one year:				
Corporate bonds	175,723	1,334	(162)	176,895
Government bonds	5,941	105	-	6,046
	<u>181,664</u>	<u>1,439</u>	<u>(162)</u>	<u>182,941</u>
	<u>260,431</u>	<u>1,539</u>	<u>(167)</u>	<u>261,803</u>

Summary of marketable securities amortized cost, unrealized gains, unrealized losses, and fair value as of December 31, 2024:

Marketable Securities	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Matures within one year:				
Corporate bonds	28,718	74	-	28,792
Government bonds	2,020	1	-	2,021
	<u>30,738</u>	<u>75</u>	<u>-</u>	<u>30,813</u>
Matures after one year:				
Corporate bonds	80,144	366	(306)	80,204
Government bonds	6,864	47	-	6,911
	<u>87,008</u>	<u>413</u>	<u>(306)</u>	<u>87,115</u>
	<u>117,746</u>	<u>488</u>	<u>(306)</u>	<u>117,928</u>

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 4 - Marketable Securities (cont'd)

The amortized cost and estimated fair value of marketable securities classified by the maturity date listed on the security, regardless of the Consolidated Balance Sheet classification, is as follows at December 31, 2025 and 2024:

	December 31, 2025	
	Amortized Cost	Fair Value
	U.S. Dollars (in thousands)	
Due within one year	78,767	78,862
Due after one through five years	181,664	182,941
Total marketable securities	260,431	261,803

	December 31, 2024	
	Amortized Cost	Fair Value
	U.S. Dollars (in thousands)	
Due within one year	30,738	30,813
Due after one through five years	87,008	87,115
Total marketable securities	117,746	117,928

The following table summarizes the estimated fair value and gross unrealized holding losses of marketable securities, aggregated by investment instrument and period of time in an unrealized loss position, at December 31, 2025 and 2024.

	In Unrealized Loss Position For Less Than 12 Months		In Unrealized Loss Position For Greater Than 12 Months	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
December 31, 2025				
Corporate bonds	70,601	(167)	712	-
Government bonds	-	-	-	-
	70,601	(167)	712	-

	In Unrealized Loss Position For Less Than 12 Months		In Unrealized Loss Position For Greater Than 12 Months	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
December 31, 2024				
Corporate bonds	34,083	(306)	-	-
Government bonds	-	-	-	-
	34,083	(306)	-	-

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 5 - Inventories

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Components	73,110	65,845
Work in process	22,018	21,445
Finished products *	32,643	35,793
	<u>127,771</u>	<u>123,083</u>

* includes systems at customer locations not yet sold, as of December 31, 2025 and 2024, in the amount of \$12,305 and \$12,447 respectively.

Inventories are presented in:

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Current assets	112,202	111,204
Non-current assets (A)	15,569	11,879
	<u>127,771</u>	<u>123,083</u>

Notes to the Consolidated Financial Statements as at December 31, 2025**(Amounts in thousands, except per share data)****Note 5 - Inventories (cont'd)****(A) Long-term Inventory:**

At December 31, 2025, \$15,569 of the Company's inventory is classified among long-term assets according to Management's estimate based on the recent level of sales (at December 31, 2024 - \$11,879). These amounts are comprised of spare parts. The Company's policy is to keep components to provide support and service to systems sold by it to its customers over the past years (usually the support is over a period of seven to ten years) until the Company announces it will not continue to support certain systems. Therefore, this inventory is usually consumed over longer periods than inventory classified as current, and as such the respective amount that is not expected to be consumed in the next year is classified as non-current. Management believes that this inventory will be utilized according to its forecasted sales and that no loss will be incurred.

(B) Inventory provision

As of December 31, 2025, based on Management's estimates regarding future sales, a provision of \$3,703 was made against damaged, obsolete, excess and slow-moving inventory (December 31, 2024 - \$4,336).

The provisions were recorded in the costs of revenues line item in the consolidated statement of income. The provisions result in a new cost basis that is not subsequently marked up based on changes in underlying facts and circumstances.

Note 6 - Other Current Assets

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Interest receivable	9,728	9,269
Prepaid expenses and vendor downpayments	3,409	5,499
Due from Government institutions and income tax receivables	11,677	5,457
Other	990	1,122
	25,804	21,347

Note 7 - Long-term Deposits

There were no such deposits as of December 31, 2025. Long-term deposits as of December 31, 2024 include bank deposits in US Dollars with terms at the balance sheet date of more than 12 months with average annual interest rates of 5.61%.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 8 - Property, Plant and Equipment, Net

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Cost:		
Land	1,416	1,401
Building	29,543	23,444
Machinery and equipment	42,100	33,474
Office furniture and equipment	1,605	1,129
Computer equipment and software	10,760	7,197
Automobiles	499	431
Leasehold improvements	4,737	3,508
Operating lease right of use assets	5,234	4,465
Finance lease right of use assets	4,881	4,881
	<u>100,775</u>	<u>79,930</u>
Less accumulated depreciation	<u>35,668</u>	<u>25,734</u>
	<u>65,107</u>	<u>54,196</u>

Depreciation for the years ended December 31, 2025, 2024 and 2023 amounted to \$8,081, \$6,809, and \$5,501, respectively.

Note 9 - Intangible Assets, Net

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Cost:		
Patent registration costs	2,972	2,569
Acquired technology	12,200	12,200
Acquired trade names	2,700	2,700
Acquired customer relationship	2,000	2,000
	<u>19,872</u>	<u>19,469</u>
Less accumulated amortization	<u>9,810</u>	<u>6,112</u>
Total intangible assets, net	<u>10,062</u>	<u>13,357</u>

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 9 - Intangible Assets, net (cont'd)

Amortization expense for the years ended December 31, 2025, 2024 and 2023 amounted to \$3,698, \$3,841 and \$733, respectively.

As of December 31, 2025, the estimated amortization expenses of intangible assets for the years 2026 to 2030 is as follows:

Year ended December 31,	U.S. Dollars (in thousands)
2026	2,872
2027	2,861
2028	2,445
2029	400
2030	385

Note 10 - Other Current Liabilities

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Advances from customers and deferred revenues	17,999	28,919
Accrued employee compensation and other related benefits	19,364	15,708
Commissions	13,732	12,733
Government institutions and income tax payable	12,441	10,072
Accrued warranty costs (1)	4,711	4,355
Accrued expenses	3,382	3,005
Operating lease obligations (See Note 2(X))	1,779	2,204
Finance lease obligations	341	284
	<u>73,749</u>	<u>77,280</u>

(1) Changes in the accrued warranty costs are as follows:

	Year ended December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Beginning of year	4,355	3,397
Accruals	8,938	7,643
Usage	<u>(8,582)</u>	<u>(6,685)</u>
Balance at end of year	<u>4,711</u>	<u>4,355</u>

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 11 - Other Long-Term Liabilities

Other long-term liabilities consist of the following:

	December 31,	
	2025	2024
	<u>U.S. Dollars (in thousands)</u>	
Liability for severance pay (A)	1,840	1,401
Deferred revenues related to non-standard warranty (B)	3,631	7,304
Operating lease obligations	3,857	2,208
Finance lease obligations	4,983	4,453
	<u>14,311</u>	<u>15,366</u>

A. Liability for Employee Severance Benefits

Under Israeli law and labor agreements the Company is required to pay severance payments to each employee who was employed by the Company for over one year and has been terminated by the Company or resigned under certain specified circumstances. The liability related to these severance payments is calculated on the basis of the latest salary of the employee multiplied by the number of years of employment as of the balance sheet date. The Company also has defined contribution plans for which it makes contributions to severance pay funds and appropriate insurance policies. Withdrawal of the reserve monies is contingent upon the fulfillment of detailed provision in the Severance Law.

Under local law in various territories in which the Company operates, employees with one year or more of service are entitled to receive a lump-sum payment upon termination of their employment based on their length of service and rate of pay at the time of termination.

- The liability in respect of most of its employees in Israel is discharged by participating in a defined contribution pension plan and making regular deposits with a pension fund or by individual insurance policies. The liability deposited with the pension fund is based on salary components as prescribed in the existing labor agreement. The custody and management of the amounts so deposited are independent of the companies and accordingly such amounts funded (included in expenses on an accrual basis) and related liabilities are not reflected in the balance sheet.
- Severance pay expenses were \$3,054, \$2,267, and \$1,936 in 2025, 2024 and 2023, respectively.

B. Deferred Revenues

As of December 31, 2025, deferred revenues related to non-standard warranty in the amount of \$3,631 are expected to be recognized in 2026-2027.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 12 - Convertible Notes****A. November 2026 Convertible Notes**

On November 17, 2021, the Company sold \$200,000 aggregate principal amount of its 0.00% convertible senior notes due 2026 (the "2026 Notes"). The 2026 Notes will not bear regular interest, and the principal amount of the 2026 Notes will not accrete. The 2026 Notes will mature on December 1, 2026, ("the Maturity Date") unless earlier repurchased, redeemed or converted in accordance with their terms prior to such date.

The 2026 Notes will be convertible based on an initial conversion rate of 17.1092 ordinary shares per \$1,000 principal amount of notes, equivalent to an initial conversion price of approximately \$58.45 per ordinary share, which represents a conversion premium of approximately 30% to the last reported sale price of the Company's ordinary shares on The Nasdaq Global Market on November 18, 2021. The closing price of the Company's shares on December 31, 2025 was \$106.35. The conversion rate is subject to adjustment if certain events occur. Prior to the close of business on the business day immediately preceding August 1, 2026, the 2026 Notes will be convertible at the option of the holders of 2026 Notes only upon the occurrence of certain events, the satisfaction of certain conditions and during certain periods. On or after August 1, 2026 and until the close of business on the second scheduled trading day immediately preceding the Maturity Date, holders may convert all or any portion of their notes at any time irrespective of the foregoing conditions. The 2026 Notes will be convertible into cash, ordinary shares of the Company or a combination thereof, with the form of consideration determined at the Company's election.

The Company may not redeem the 2026 Notes prior to December 6, 2024, except in the event of certain tax law changes. On or after December 6, 2024, the Company may at any time and from time to time redeem for cash all or part of the 2026 Notes (subject to a certain partial redemption limitation), at the Company's option, if the last reported sale price of the Company's ordinary shares has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption, at a redemption price equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid special interest (if any) to, but excluding, the redemption date. Holders of the 2026 Notes will have the right to require the Company to repurchase all or a portion of their 2026 Notes upon the occurrence of a fundamental change (as defined in the indenture governing the 2026 Notes) at a cash repurchase price equal to 100% of the principal amount of the 2026 Notes to be repurchased, plus any accrued and unpaid special interest (if any) to, but excluding the fundamental change repurchase date.

The 2026 Notes are the Company's general unsecured obligations that rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the 2026 Notes; will rank equal in right of payment with all of the Company's unsecured indebtedness that is not so subordinated; will effectively rank junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness, and to the Company's liabilities in priority under the applicable bankruptcy laws of Israel; and structurally junior to all indebtedness and other liabilities (including trade payables) of the Company's subsidiaries.

In September 2025, the Company repurchased \$167,067 of the \$200,000 aggregate principal amount of the 2026 Notes (83.53%) for an amount of \$266,951. For accounting purposes this was considered an extinguishment of the debt and the net loss, including related expenses, was recorded as Other Expenses after Operating Profit in the Consolidated Statements of Income.

Notes to the Consolidated Financial Statements as at December 31, 2025**(Amounts in thousands, except per share data)****Note 12 – Convertible Notes (cont'd)****A. November 2026 Convertible Notes (cont'd)**

The Convertible Senior 2026 Notes consisted of the following:

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Liability:		
Principle:	32,933	200,000
Unamortized issuance costs	(162)	(2,075)
Net carrying amount	32,771	197,925

As of December 31, 2025, the debt issuance costs of the 2026 Notes will be amortized over the remaining term of approximately 1 year.

The annual effective interest rate of the 2026 Notes is 0.56%. In the year ended December 31, 2025, \$865 (2024 - \$1,094) was recorded as amortization of debt issuance costs.

As of December 31, 2025, the estimated fair value of the 2026 Notes, which the Company has classified as Level 2 financial instruments, is \$62,853 (2024 - \$301,157). The estimated fair value was determined based on the quoted bid price of the 2026 Notes in an over-the-counter market on the last trading day of the reporting period.

As of December 31, 2025, the if-converted value exceeded the principal amount of the 2026 Notes by \$29,920 (2024 – the principle amount exceeded the if-converted value by \$101,157).

B. September 2030 Convertible Notes

In September 2025 the Company issued \$500 million 0% Convertible Senior Notes. The Securities will be convertible into cash, ordinary shares (the “Underlying Securities”, or “2030 Notes”) of the Company, nominal (par) value NIS 0.01 per share (the “Ordinary Shares”), or a combination of cash and Underlying Securities, at the Company’s election. The Securities are due September 2030.

The 2030 Notes will be convertible based on an initial conversion rate of 9.1455 ordinary shares per \$1,000 principal amount of the 2030 Notes (equivalent to an initial conversion price of approximately \$109.34 per share, which represents a conversion premium of approximately 30.0% to the last reported sale price of the Company’s ordinary shares on The Nasdaq Global Market on September 11, 2025). Prior to the close of business on the business day immediately preceding June 15, 2030, the 2030 Notes will be convertible at the option of holders of the 2030 Notes only upon the satisfaction of specified conditions and during certain periods. On or after June 15, 2030, until the close of business on the second scheduled trading day preceding the maturity date, the 2030 Notes will be convertible at the option of holders of 2030 Notes at any time regardless of these conditions. Conversions of the 2030 Notes will be settled in cash, ordinary shares of the Company or a combination thereof, at the Company’s election (together with cash in lieu of any fractional ordinary share, if applicable).

The Company may redeem for cash (1) all of the 2030 Notes at any time on or prior to the 40th scheduled trading day immediately preceding the maturity date if certain tax-related events occur and (2) all or any portion (subject to certain limitations) of the 2030 Notes, at any time, and from time to time, on or after September 20, 2028, and on or before the 40th scheduled trading day immediately before the maturity date, at its option at any time and from time to time, if the last reported sale price per share of the Company’s ordinary shares has been at least 130% of the conversion price for a specified period of time and certain other conditions are satisfied. For any 2030 Notes the Company redeems, a redemption price will be paid equal to the principal amount of the 2030 Notes redeemed (plus accrued and unpaid special interest, if any is payable at the time).

Notes to the Consolidated Financial Statements as at December 31, 2025**(Amounts in thousands, except per share data)****Note 12 – Convertible Notes (cont'd)****B. September 2030 Convertible Notes (cont'd)**

If certain corporate events that constitute a “fundamental change” occur, then, subject to a limited exception, holders of the 2030 Notes may require the Company to repurchase all or a portion of their 2030 Notes for cash. The repurchase price will be equal to 100% of the principal amount of the 2030 Notes to be repurchased, plus accrued and unpaid special interest, if any, to, but excluding, the applicable repurchase date. In connection with certain corporate events that occur prior to the maturity date of the 2030 Notes or following the Company’s delivery of a notice of redemption, the Company will, under certain circumstances, temporarily increase the conversion rate for holders who elect to convert their 2030 Notes in connection with such corporate event or notice of redemption, as the case may be.

When issued, the 2030 Notes will be the Company’s senior unsecured obligations and will rank senior in right of payment to any of the Company’s unsecured indebtedness that is expressly subordinated in right of payment to the 2030 Notes; equal in right of payment to any of the Company’s unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company’s secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of the Company’s subsidiaries.

The Convertible Senior 2030 Notes consisted of the following:

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Liability:		
Principle:	500,000	-
Unamortized issuance costs	(12,938)	-
Net carrying amount	487,062	-

As of December 31, 2025, the debt issuance costs of the 2030 Notes will be amortized over the remaining term of approximately 4.75 years.

The annual effective interest rate of the 2030 Notes is 0.56%. In the year ended December 31, 2025, \$791 was recorded as amortization of debt issuance costs.

As of December 31, 2025, the estimated fair value of the Notes, which the Company has classified as Level 2 financial instruments, is \$579,848. The estimated fair value was determined based on the quoted bid price of the Notes in an over-the-counter market on the last trading day of the reporting period.

As of December 31, 2025, the if-converted value exceeded the principal amount of the Notes by \$79,848.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 13 - Commitments and Contingencies****A. Operating leases**

The Company's subsidiaries have entered into various non-cancelable operating lease agreements for office space and operating leases for vehicles.

Liabilities reported in the consolidated balance sheets are as follows:

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Other current liabilities	1,779	2,204
Other long-term liabilities	3,857	2,208
Total lease liabilities	5,636	4,412

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 13 - Commitments and Contingencies (contd.)

A. Operating leases (cont.)

In the year ended December 31, 2025, the Company recognized lease costs in the amount of \$2,663 (2024 - \$2,153; 2023 - \$1,854).

Minimum future payments under non-cancellable leases as of December 31, 2025 are as follows:

Year ended December 31,	U.S. Dollars (in thousands)
2026	2,046
2027	1,153
2028	672
2029	491
2030 and after	2,193
	<u>6,555</u>
Less imputed interest	<u>(919)</u>
Total lease liabilities	<u>5,636</u>

The weighted average term of the operating leases as of December 31, 2025 is 70 months.

B. Finance leases

One of the Company's subsidiaries has entered into a non-cancelable lease agreements for office and factory space. The lease agreement contains a purchase option which is reasonably certain to be exercised. As such, the Company classifies this as a finance lease.

Amounts reported in the consolidated balance sheets are as follows:

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Cost:		
ROU assets – opening balance	4,881	-
ROU assets – additions	-	4,881
ROU assets – disposals	-	-
	<u>4,881</u>	<u>4,881</u>
Less accumulated depreciation	<u>98</u>	<u>16</u>
	<u>4,783</u>	<u>4,865</u>

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 13 - Commitments and Contingencies (contd.)

B. Finance leases (cont.)

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Other current liabilities	341	284
Other long-term liabilities	4,983	4,453
Total lease liabilities	5,324	4,737

In the year ended December 31, 2025, the Company recognized finance lease costs in the amount of \$331 (2024 - \$42 and 2023 - \$0).

Minimum future payments under non-cancellable finance leases as of December 31, 2025 are as follows:

Year ended December 31,	U.S. Dollars (in thousands)
2026	352
2027	352
2028	352
2029	5,466
2030 and after	-
	<u>6,522</u>
Less imputed interest	(1,198)
Total lease liabilities	<u>5,324</u>

The weighted average term of the finance leases as of December 31, 2025 is 47 months.

Notes to the Consolidated Financial Statements as at December 31, 2025**(Amounts in thousands, except per share data)****Note 14 - Concentration of Risk and Financial Instruments**

Financial instruments that potentially expose the Company to concentrations of credit risk consist of cash equivalents, short-term bank deposits and trade receivables. The carrying amounts of financial instruments approximate fair value.

Cash and cash equivalents, short-term deposits and long-term deposits

The Company's cash equivalents, short-term deposits and long-term deposits are maintained with multiple high-quality institutions and the composition and maturities of investments are regularly monitored by management.

Trade receivables

The trade receivables of the Company are derived from sales to a large number of customers, primarily large industrial corporations located mainly in Asia, the United States and Europe. The Company generally does not require collateral; however, in certain circumstances, the Company may require a letter of credit, other collateral or additional guarantees. An allowance for doubtful accounts is determined with respect to those amounts that the Company has determined to be doubtful of collection. The Company performs ongoing credit evaluations of its customers.

Marketable securities

The Company's marketable securities are maintained with high-grade securities and limits the amount of credit exposure to any one issuer.

Allowance for doubtful debts

The following is a summary of the allowance for doubtful accounts related to accounts receivable for the years ended December 31:

	Balance at beginning of year	Provision	Reversal of provision	Write-off of provision	Balance at end of year
	U.S. Dollars (in thousands)				
2023	-	100	-	-	100
2024	100	34	-	-	134
2025	134	11	(24)	(34)	87

Trade payables

The Company relies on limited source of suppliers and in some cases a sole supplier and/or subcontractors for a number of essential components and subsystems of its products. The Company does not have agreements with all of these suppliers and subcontractors for the continued supply of the components or subsystems they provide. An interruption in supply from these sources would disrupt production and adversely affect the Company's ability to deliver products to its customers, which could have an adverse effect on the Company's business, revenues and results of operations.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 15 - Shareholders' Equity**A. General**

The Company shares are traded on the NASDAQ Global Market under the symbol of CAMT and are also listed and traded on the Tel-Aviv stock exchange.

B. Stock Option Plan

As of December 31, 2025, the Company has one effective Share Incentive Plan (and Sub-Plan for Grantees Subject to Israeli Taxation) for the issuance of options, restricted share units and/ or restricted shares to employees, officers, directors, consultants and other services providers of the Company or any affiliated companies thereof (the "2018 Plan"). The 2018 Plan was adopted by the Company in April 2018 and thereby replaced the Company's previous equity plans (the "2014 Share Option Plan" and the "2007 Restricted Share Unit Plan"). The total number of equity awards that may be granted under the 2018 Plan during each calendar year is equal to three and a half percent (3.5%) of the Company's total issued and outstanding Share capital as of December 31 of the preceding calendar year.

The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model that used the weighted average assumptions in the following table and recognized over the vesting period of four years. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. In 2025, 4,380 options were granted (2024 - 4,905 options). The contractual life of the stock options is 7 years.

	<u>2025 Grant</u>	<u>2024 Grant</u>
Valuation assumptions:		
Dividend yield	-	-
Expected volatility	62.11%	55%
Risk-free interest rate	3.67%	3.5%
Expected life (years) *	4.0	4.0
Vesting period (years)	1.0	1.0

*Expected life for the periods presented was determined according to the simplified method. The Company determined that the simplified method is appropriate due to substantial changes in vesting periods of options granted which cause existing historical experience to be irrelevant to expectations for current grants.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 15 - Shareholders' Equity (cont'd)

B. Stock Option Plan (cont'd)

The total intrinsic value of outstanding options as of December 31, 2025, 2024, and 2023 is \$1,338, \$863 and \$1,207, respectively.

The total intrinsic value of vested options as of December 31, 2025, 2024, and 2023 is \$1,183, \$863 and \$1,189 respectively.

The total stock option compensation expense amounted to \$220, \$140, and \$100 in 2025, 2024 and 2023, respectively.

As of December 31, 2025, 4,380 options were unvested. The unrecognized compensation cost related to non-vested share-based compensation arrangements amounted to \$49, which will be recognized over one year.

Share option activity during the past three years is as follows:

	Year Ended December 31,					
	2025		2024		2023	
	Number of options	Weighted average exercise price US\$	Number of options	Weighted average exercise price US\$	Number of options	Weighted average exercise price US\$
Outstanding at January 1	22,555	42.64	26,097	22.99	21,318	12.96
Granted	4,380	59.76	4,905	81.28	16,224	31.5
Forfeited and cancelled	-	-	-	-	-	-
Exercised	(3,026)	22.63	(8,447)	4.38	(11,445)	16.41
Outstanding at year end	23,909	48.31	22,555	42.64	26,097	22.99
Exercisable at year end	19,529	45.74	17,650	31.90	22,577	16.78

The income tax benefit associated with stock options exercised each year was immaterial.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 15 - Shareholders' Equity (cont'd)

B. Stock Option Plan (cont'd)

	<u>Number of options outstanding</u>	<u>Weighted average exercise price US\$</u>	<u>Weighted Average Remaining Contractual term (years)</u>	<u>Aggregate intrinsic Value (in US\$ thousands)</u>
Outstanding as of December 31, 2025	<u>23,909</u>	<u>48.31</u>	<u>4.78</u>	<u>1,388</u>

The following table summarizes information about non-vested options at December 31, 2025:

	<u>Options</u>	<u>Weighted average grant- date fair value</u>
Balance at January 1, 2025	4,905	33.13
Granted	4,380	34.25
Vested	<u>(4,905)</u>	33.13
Balance at December 31, 2025	<u>4,380</u>	34.25

Notes to the Consolidated Financial Statements as at December 31, 2025**(Amounts in thousands, except per share data)****Note 15 - Shareholders' Equity (cont'd)****C. Restricted Share Unit Plan**

In April 2018, the Company adopted a Restricted Share Unit ("RSU") Plan (the "Plan") to replace the 2007 Restricted Share Unit Plan, pursuant to which the Company's Board of Directors may grant shares to officers and key employees. The total number of shares, which may be granted to directors, officers, employees and consultants under this Plan, is limited to 3.5% out of the outstanding shares (1,603,985 as of December 31, 2025). Forfeited units are returned to the pool.

The exercise price for each grantee shall be as determined by the Board and specified in the applicable RSU notice of grant; provided, however, that unless otherwise determined by the Board (which determination shall not require shareholder approval unless so required in order to comply with Mandatory Law), the exercise price shall be no more than the underlying share's nominal value. For the removal of any doubt, the Board is authorized (without the need for shareholder approval unless so required in order to comply with Mandatory Law) to determine that the exercise price of an RSU is to be \$0.00.

Unless otherwise determined by the Board with respect to any specific grantee or to any specific grant, (which determination shall not require shareholder approval unless so required in order to comply with Mandatory Law) and provided accordingly in the applicable RSU notice of grant, the RSUs shall vest (become automatically exercised) according to the vesting schedules as determined by the Board.

	<u>RSUs</u>	<u>Weighted average grant date value</u>
Balance at January 1, 2025	777,350	\$ 43.97
Granted	265,775	\$ 63.65
Vested	(375,801)	\$ 41.81
Forfeited	(17,927)	\$ 45.85
Balance at December 31, 2025	<u>649,397</u>	<u>\$ 53.28</u>

The total intrinsic value of outstanding RSUs as of December 31, 2025, 2024 and 2023 is \$69,110, \$62,079 and \$78,077, respectively.

The income tax benefit recognized in income associated with RSUs is \$574.

Total grant date fair value of shares vested in 2025 was \$15,712.

The weighted average grant date fair value of RSUs granted during 2025, 2024, and 2023 is \$63.65, \$83.83 and \$26.43, respectively.

The total compensation cost from RSUs recognized in the years ending December 31, 2025, 2024 and 2023 was recorded as follows:

	<u>Year Ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
	<u>U.S. Dollars (in thousands)</u>		
Cost of revenues	2,817	2,197	1,591
Research and development	5,389	4,863	4,221
Selling, general and administrative	8,686	7,302	6,677
	<u>16,672</u>	<u>14,362</u>	<u>12,489</u>

The unrecognized compensation expense in the amount of \$26,088 will be recognized in the years 2026 to 2029.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 16 - Earnings Per Share

The following table summarizes information related to the computation of basic and diluted earnings per Share for the years indicated:

	Year Ended December 31,		
	2025	2024	2023
Basic EPS:			
Net income attributable to Shares (US\$ in thousands)	50,722	118,515	78,632
Weighted average number of Shares outstanding used in basic earnings per Share calculation	45,703	45,279	44,725
Diluted EPS:			
Net income attributable to Shares (US\$ in thousands)	50,722	118,515	78,632
Add amortization of notes issuance costs	1,497	1,094	1,094
Net income used in diluted earnings per Share calculation	52,219	119,609	79,726
Weighted average number of Shares outstanding used in basic earnings per Share calculation	45,703	45,279	44,725
Add assumed exercise of outstanding dilutive securities:			
Effect of stock-based awards	340	669	717
Effect of conversion of Notes	3,927	3,421	3,421
Weighted average number of Shares Outstanding used in diluted earnings per Share calculation	49,970	49,369	48,863
Basic net income per Share (\$)	1.11	2.62	1.76
Diluted net income per Share (\$)	1.04	2.42	1.63
Number of options excluded from the diluted earnings per share calculation due to their anti-dilutive effect			
	-	9,525	3,520

Notes to the Consolidated Financial Statements as at December 31, 2025**(Amounts in thousands, except per share data)****Note 17 - Segments and Entity-Wide Information**

The Company has one reporting segment as described in Note 2M above.

The Company's chief operating decision maker ("CODM") is its chief executive officer.

The CODM assesses performance and decides how to allocate resources based on net income that is also reported on the income statement as net income. The CODM is regularly provided only with the consolidated expenses as noted on the face of the income statement.

The measurement of segment assets is reported on the balance sheet as total consolidated assets.

The chief operating decision maker uses net income to evaluate income generated from the segment assets (return on assets) in deciding whether to reinvest profits into the segment or into other parts of the entity, such as for acquisitions or to pay dividends.

Net income is used to monitor budget versus actual results. The chief operating decision maker also used net income in competitive analysis by benchmarking to the Company's competitors. The competitive analysis along with monitoring of budget versus actual results are used in assessing performance of the segment and in establishing management's compensation.

The majority of long-lived assets are located in Israel and substantially all revenues are derived from sales to other countries. Revenues are attributable to geographic areas/countries based upon the destination of shipment of products and related services as follows:

	Year Ended December 31,		
	2025	2024	2023
	U.S. Dollars (in thousands)		
China	243,935	132,556	149,510
Asia Pacific	168,965	133,772	67,773
Korea	36,888	117,135	47,425
United States	28,836	29,282	41,118
Europe	17,448	16,489	9,549
	496,072	429,234	315,375
		December 31,	
		2025	2024
		%	
Israel		71	66
Germany		23	29
Other		6	5
Total long-lived assets (*)		100	100

(*) Long-lived assets are comprised of property, plant and equipment, net, and intangible assets excluding goodwill

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 18 - Selected Income Statement Data

A. Revenues

	Year Ended December 31,		
	2025	2024	2023
	U.S. Dollars (in thousands)		
Sales of products	468,510	409,427	301,899
Service fees	27,562	19,807	13,476
	<u>496,072</u>	<u>429,234</u>	<u>315,375</u>

In 2025, one customer accounted for 11% of total revenues. In 2024, three customers accounted for 15%, 10% and 10% of total revenues, respectively. In 2023, one customer accounted for 15% of total revenues.

B. Selling, general and administrative expenses

	Year Ended December 31,		
	2025	2024	2023
	U.S. Dollars (in thousands)		
Selling (*)	56,273	48,134	36,896
General and administrative	17,496	15,461	13,855
	<u>73,769</u>	<u>63,595</u>	<u>50,751</u>
	<u>5,014</u>	<u>4,120</u>	<u>2,744</u>

(*) Including shipping and handling costs

C. Financial income, net

	Year Ended December 31,		
	2025	2024	2023
	U.S. Dollars (in thousands)		
Interest income	29,037	24,841	24,051
Convertible notes amortization	(1,656)	(1,094)	(1,094)
Other, net (*)	(2,317)	(578)	(739)
	<u>25,064</u>	<u>23,169</u>	<u>22,218</u>

(*) Other, net includes foreign currency income (expense) resulting from transactions not denominated in U.S. Dollars amounting to \$(1,103), \$37, and \$(78) in 2025, 2024 and 2023, respectively.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 19 - Income Taxes****A. Tax under various laws**

Camtek and its subsidiaries are each assessed for income tax purposes on a separate basis. Each of the subsidiaries is subject to the tax rules prevailing in the country tax residence.

B. Details regarding the tax environment of the Israeli companies**(1) Corporate tax rate**

The standard tax rate in Israel for the years 2023-2025 is 23%.

Current taxes for the reported periods are calculated according to the enacted tax rates presented above, subject to the reduced tax rate under the Law for the Encouragement of Capital Investment discussed below.

(2) Benefits under the Law for the Encouragement of Capital Investments (hereinafter - "the Encouragement Law")**(a) Amendment to the Law for the Encouragement of Capital Investments – 1959**

The Company filed a notice to the Israeli Tax Authorities regarding the implementation of the preferred enterprise to its preferred income. As the Company is located in Development Area A, the applied corporate tax rate is 7.5%.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 19 - Income Taxes (cont'd)****B. Details regarding the tax environment of the Israeli companies (cont'd)**

- (b) In November 2021, an amendment to the Law of Encouragement of Capital Investment was enacted (the "2021 Amendment"). According to the 2021 Amendment, any future dividend distributed by an entity with tax exempt retained earnings will be deemed to be distributed proportionately from such tax exempt retained earnings. As part of the 2021 Amendment, the Israeli Tax Authorities enacted a temporary rule which reduces the tax rate applicable to the distribution of such tax exempt retained earnings.

During the fourth quarter of 2021, the Company entered into a tax assessment with the Israeli Tax Authorities for the years 2017-2020. The settlement of the tax assessment finalized in February 2022 will allow the Company to distribute dividends from these earnings in the future with no additional corporate tax liability. The dividend distributed in April 2024 was tax-free under this settlement.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 19 - Income Taxes (cont'd)

C. Details regarding the tax environment of the Non-Israeli companies

Non-Israeli subsidiaries are taxed according to the tax laws in their countries of residence under local tax laws and regulations. The tax rates range from 16.5-34%.

D. Composition of income before income taxes and income tax expense

	Year Ended December 31,		
	2025	2024	2023
	U.S. Dollars (in thousands)		
Income (loss) before income taxes:			
Israel	49,276	130,278	79,454
Non-Israeli	3,059	960	8,176
	<u>52,335</u>	<u>131,238</u>	<u>87,630</u>
Income tax expense:			
Current:			
Israel	13,603	11,325	8,054
Non-Israeli	2,198	3,781	2,198
	<u>15,801</u>	<u>15,106</u>	<u>10,252</u>
Deferred tax (benefit) expense:			
Israel	(11,903)	262	109
Non-Israeli	(2,285)	(2,645)	(1,363)
	<u>(14,188)</u>	<u>(2,383)</u>	<u>(1,254)</u>
	<u>1,613</u>	<u>12,723</u>	<u>8,998</u>

In addition, \$1,097 of income tax expense was allocated to the gains and losses on intra-entity foreign currency transactions that are of a long-term investment nature component of other comprehensive income. (\$632 of income tax income and \$611 of income tax expense was allocated in 2024 and 2023, respectively.)

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 19 - Income Taxes (cont'd)

E. Reconciliation of income tax expense at the statutory rate to actual income tax expense

The following is a reconciliation of the theoretical income tax expense, assuming all income is taxed at the statutory income tax rate applicable to Israeli companies, the standard income tax rate of the Company's country of tax residence, and the actual income tax expense:

	<u>Year Ended December 31,</u>	
	<u>2025</u>	
	<u>Percent</u>	<u>U.S. Dollars (in thousands)</u>
Israeli statutory tax rate	<u>23.0%</u>	<u>12,037</u>
Israeli tax effects:		
Domestic		
Non-taxable and non-deductible:		
Share-based compensation	1.2%	613
Other	0.1%	45
Cross-border tax laws	(0.6)%	(316)
Change in valuation allowance	20.9%	10,960
Tax rate differential	(44.5)%	(23,282)
Worldwide changes in unrecognized tax benefits	4.7%	2,482
Other items	(0.3)%	(137)
Foreign Tax Effects		
Other	(1.5)%	(789)
Effective income tax rate	<u>3.1%</u>	<u>1,613</u>

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 19 - Income Taxes (cont'd)

E. Reconciliation of income tax expense at the statutory rate to actual income tax expense (cont'd)

	Year Ended December 31,	
	2024	2023
	U.S. Dollars (in thousands)	
Income before income taxes	131,238	87,630
Statutory tax rate	23%	23%
Theoretical income tax expense	30,185	20,154
Increase (decrease) in income tax expense resulting from:		
Non-deductible expenses (*)	912	651
Income tax rate differential	(18,816)	(12,417)
Other	442	610
Actual income tax expense	12,723	8,998

(*) Including non-deductible share-based compensation and FRT transaction expenses.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 19 - Income Taxes (cont'd)

F. Deferred tax assets and liabilities

The tax effects of temporary differences and carryforwards that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Deferred tax assets:		
Deferred revenue	902	2,076
Accrued expenses	683	601
Operating lease obligations	1,984	2,020
Carry forward losses	24,479	-
Other temporary differences	2,857	1,662
	<u>30,905</u>	<u>6,359</u>
Total deferred tax assets	30,905	6,359
Valuation allowance	(10,960)	-
Deferred tax asset, net of valuation allowance	<u>19,945</u>	<u>6,359</u>
Deferred tax liabilities:		
Property, plant and equipment	(1,408)	(1,158)
Inventories	(271)	(407)
Intangible assets	(2,708)	(3,772)
Right of use assets	(1,984)	(2,020)
Undistributed earnings	(1,834)	(1,518)
Other temporary differences	(68)	-
Total deferred tax liabilities	<u>(8,273)</u>	<u>(8,875)</u>
Net deferred tax assets (liabilities)	<u>11,672</u>	<u>(2,516)</u>

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 19 - Income Taxes (cont'd)

F. Deferred tax assets and liabilities (cont'd)

The deferred tax assets and liabilities were presented on the consolidated balance sheet as below:

	December 31,	
	2025	2024
	U.S. Dollars (in thousands)	
Deferred tax asset, net	12,933	3,090
Deferred tax liabilities, net	<u>(1,261)</u>	<u>(5,606)</u>
Net deferred tax assets (liabilities)	<u>11,672</u>	<u>(2,516)</u>

Deferred tax assets are recognized for the anticipated tax benefits associated with operating loss carryforwards, tax credit carryforwards and deductible temporary differences. If it is more likely than not that some or all of the deferred tax assets will not be realized, the deferred tax credits are reduced by a valuation allowance.

In assessing the realizability of deferred tax assets, Management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

At December 31, 2025 the company had a valuation allowance of \$10,960. At December 31, 2024 the Company had no valuation allowance.

Notes to the Consolidated Financial Statements as at December 31, 2025**(Amounts in thousands, except per share data)****Note 19 - Income Taxes (cont'd)****G. Accounting for uncertainty in income taxes**

For the years ended December 31, 2025, 2024 and 2023, the Company recorded an unrecognized tax benefit of \$2,482, \$1,393 and \$1,718 respectively, as result of a tax position taken during the current period. In addition, the Company does not expect that the amount of unrecognized tax benefits will change significantly within the next twelve months.

As of December 31, 2025, the entire amount of the unrecognized tax benefits could affect the Company's income tax provision and the effective tax rate.

The Company accounts for interest and penalties related to income taxes as a component of income tax expense. For the years ended December 31, 2025, 2024 and 2023, no interest and penalties related to income taxes have been incurred.

H. Tax assessments

The Company files its income tax returns in Israel while its principle foreign subsidiaries file their income tax returns in Belgium, Germany, Hong Kong, and United States of America. The Israeli tax return of Camtek is open to examination by the Israeli Tax Authorities for the tax year 2021 -2025, while the tax returns of its principal foreign subsidiaries remain subject to examination for the tax years beginning 1999 in Belgium, 2020 in Germany, 2018 in Hong Kong and 2021 in the United States of America.

I. Income tax paid in cash

	Year Ended December 31, 2025
	U.S. Dollars (in thousands)
Income taxes paid in cash by territory:	
Israel	10,736
China	1,933
Hong Kong	859
Germany	633
USA	219
Taiwan	92
Singapore	23
	<u>14,495</u>

Note 20 - Balances and Transactions with Related Parties**A. Balances with related parties:**

	December 31, 2025	December 31, 2024
	U.S. Dollars (in thousands)	
Due from related parties	20	15

The related party balances are recorded in the Other Current Assets line item on the consolidated balance sheets.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)**Note 20 - Balances and Transactions with Related Parties (cont'd)****B. Registration Rights Agreement with Priortech**

On March 1, 2004, the Company entered into a registration rights agreement providing for the Company to register with the SEC certain of its ordinary shares held by Priortech. This registration rights agreement may be used in connection with future offerings of ordinary shares, and includes, among others, the following terms: (a) Priortech is entitled to make up to three demands that the Company registers its ordinary shares held by Priortech, subject to delay due to market conditions; (b) Priortech will be entitled to participate and sell the Company's ordinary shares in any future registration statements initiated by the Company, subject to delay due to market conditions; (c) the Company will indemnify Priortech in connection with any liabilities incurred in connection with such registration statements due to any misstatements or omissions other than information provided by Priortech, and Priortech will indemnify the Company in connection with any liabilities incurred in connection with such registration statements due to any misstatements or omissions in written statements by Priortech made for the purpose of their inclusion in such registration statements; and (d) the Company will pay all expenses related to registrations which the Company has initiated, except for certain underwriting discounts or commissions or legal fees, and Priortech will pay all expenses related to a registration initiated at its demand in which the Company is not participating.

On December 30, 2004, the Registration Rights Agreement with Priortech was amended. The amendment concerns primarily the grant of unlimited shelf registration rights thereunder to Priortech with respect to its holdings in the Company, and the assignability of those shelf registration rights to its transferees.

On May 13, 2015, following the approval of the Company's Audit Committee and Board of Directors the Registration Rights Agreement with Priortech was renewed for an additional 5 year period effective as of December 31, 2014.

In 2019, the Company entered into a Second Amended and Restated Registration Rights Agreement with Priortech and Chroma which replaced the previous Registration Rights Agreement, according to which Chroma is entitled to the same rights Priortech has with respect to registration of the Company's shares.

Technological Cooperation Agreement with Chroma

In 2019, the Company entered into a Technological Cooperation Agreement with Chroma under which the Company granted Chroma a license for an application under Company's triangulation technology platform. No revenue was recorded from this agreement in 2025, 2024 or 2023.

Employment Agreements with the Chief Executive Officer

Pursuant to the employment agreement with the Chief Executive Officer ("CEO"), the CEO dedicates 10% of his time in providing consulting and management services for Priortech. The CEO receives from the Company 90% of a full-time salary and is compensated directly by Priortech for the remaining 10% of his time.

The CEO serves as a member of the board of directors of Priortech.

Notes to the Consolidated Financial Statements as at December 31, 2025

(Amounts in thousands, except per share data)

Note 21 - Fair Value Measurements

The level in the fair value hierarchy within which an asset or liability is classified is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024, aggregated by the level in the fair-value hierarchy within which those measurements fall:

Description	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		U.S. Dollars		
Assets				
Marketable securities (current assets)	78,862	21,850	57,012	-
Marketable securities (non-current assets)	182,941	6,046	176,895	-
Total Assets	261,803	27,896	233,907	-

Description	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		U.S. Dollars		
Assets				
Marketable securities (current assets)	30,813	1,016	29,797	-
Marketable securities (non-current assets)	87,115	6,911	80,204	-
Total Assets	117,928	7,927	110,001	-

The Company's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer.

Marketable securities that are classified within Level 2 are classified as such because these assets are valued using quoted market prices or alternative pricing sources and models utilizing market observable inputs. See also Note 4.

Item 19. Exhibits.

Exhibit No.	Exhibit
1.1	Memorandum of Association of Registrant (incorporated herein by reference to Exhibit 3.1 to Amendment No. 1 to the Registrant's Registration Statement on Form F-1, File No. 333-12292, filed with the Securities and Exchange Commission on July 21, 2000);
1.2	Articles of Registrant, as amended (incorporated herein by reference to Exhibit 1.2 to the Registrant's Annual Report on Form 20-F, File No. 000-30664, filed with the Securities and Exchange Commission on March 19, 2025).
2.1	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 2.1 to the Registrant's Annual Report on Form 20-F, File No. 000-30664, filed with the Securities and Exchange Commission on March 19, 2025).
4.1	2018 Share Incentive Plan (incorporated herein by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-8, File No. 333-227931, filed with the Securities and Exchange Commission on October 22, 2018).
4.2	Form of Indemnification Agreement (incorporated herein by reference to Exhibit A to the Registrant's Report of Foreign Private Issuer on Form 6-K, File No. 000-30664, filed with the Securities and Exchange Commission on June 04, 2018).
4.3	Share Purchase Agreement by and between Chroma ATE Inc. and the Registrant dated February 11, 2019 (incorporated herein by reference to Exhibit 4.4 to the Registrant's Annual Report on Form 20-F, File No. 000-30664, filed with the Securities and Exchange Commission on March 30, 2020).
4.4	Indenture, dated as of September 16, 2025, between Camtek Ltd and U.S. Bank Trust Company, National Association, as trustee, for the 0.00% Convertible Senior Notes due 2030 (incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 6-K, File No. 000-30664, filed with the Securities and Exchange Commission on September 16, 2025).
4.5	Form of 0.00% Convertible Senior Note due 2030 (included in Exhibit 4.4)
8.1	Subsidiaries of the Registrant (incorporated herein by reference to Exhibit 8.1 to the Registrant's Annual Report on Form 20-F, File No. 000-30664, filed with the Securities and Exchange Commission on March 21, 2024).
11.1	Insider Trading Policy of the Registrant (incorporated herein by reference to Exhibit 11.1 to the Registrant's Annual Report on Form 20-F, File No. 000-30664, filed with the Securities and Exchange Commission on March 19, 2025).
12.1	Certification of Chief Executive Officer required by Rules 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.*
12.2	Certification of Chief Financial Officer required by Rules 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.*
13.1	Certification of the 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.**
15.1	Consent of Somekh Chaikin, Independent Registered Public Accounting Firm, a member firm of KPMG International.*
97.1	Camtek Ltd. Policy for Recovery of Erroneously Awarded Compensation (incorporated herein by reference to Exhibit 97.1 to the Registrant's Annual Report on Form 20-F, File No. 000-30664, filed with the Securities and Exchange Commission on March 21, 2024).
101	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

‡ English translations from Hebrew original.

* Filed herewith.

** Furnished herewith.

SIGNATURES

The Company hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

CAMTEK LTD.

By: /s/ Rafi Amit
Name: Rafi Amit
Title: Chief Executive Officer

Date: March 19, 2026

Chief Executive Officer Certification

Required by Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended

I, Rafi Amit, certify that:

1. I have reviewed this Annual Report on Form 20-F of Camtek Ltd.;
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 company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) 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 13(a)-15(f) and 15(d)-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls over financial reporting.

Date: March 19, 2026

By: /s/ Rafi Amit
Name: Rafi Amit
Title: Chief Executive Officer

Chief Financial Officer Certification

Required by Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended

I, Moshe Eisenberg, certify that:

1. I have reviewed this Annual Report on Form 20-F of Camtek Ltd.;
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 company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) 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 13(a)-15(f) and 15(d)-15(f) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls over financial reporting.

Date: March 19, 2026

By: /s/ Moshe Eisenberg
Name: Moshe Eisenberg
Title: Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

We, Rafi Amit, Chief Executive Officer of Camtek Ltd., and Moshe Eisenberg, Chief Financial Officer of Camtek Ltd., each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report for Camtek Ltd. on Form 20-F for the year ended December 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Annual Report on Form 20-F fairly presents, in all material respects, the financial condition and results of operations of Camtek Ltd.

Date: March 19, 2026

By: /s/ Rafi Amit
Name: Rafi Amit
Title: Chief Executive Officer

By: /s/Moshe Eisenberg
Name: Moshe Eisenberg
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Camtek Ltd. and will be retained by Camtek Ltd. and furnished to the United States Securities and Exchange Commission or its staff upon request.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors

Camtek Ltd:

We consent to the incorporation by reference in the registration statements (No. 333-271348) on Form F-3 and (Nos. 333-238705, 333-227931, 333-201286, 333-174165, 333-156287, 333-168234 and 333-113139) on Form S-8 of our report dated March 19, 2026, with respect to the consolidated financial statements of Camtek Ltd. and the effectiveness of internal control over financial reporting.

Somekh Chaikin

A member firm of KPMG International

Tel Aviv, Israel

March 19, 2026
