UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 17, 2023

Amtech Systems, Inc.
(Exact name of Registrant as Specified in Its Charter)

Arizona	**000-11412**	**86-0411215**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**
131 S. Clark Drive Tempe, Arizona		**85288**
(Address of Principal Executive Offices)		**(Zip Code)**

Registrant's Telephone Number, Including Area Code: (480) 967-5146

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	ASYS	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

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

Explanatory Note

On January 17, 2023, Amtech Systems, Inc., an Arizona corporation ("Amtech" or the "Company") filed a Current Report on Form 8-K (the "Initial 8-K"), which included the announcement of the completion of the Company's acquisition of Entrepix, Inc., an Arizona corporation ("Entrepix"), through a reverse triangular merger resulting in Entrepix becoming a wholly owned subsidiary of the Company (the "Acquisition"). This Current Report on Form 8-K/A (this "Form 8-K/A") is being filed solely to include the financial statements and exhibits that are required by Item 9.01(a) and Item 9.01(b) of Form 8-K that were excluded from the Initial Form 8-K in reliance on the instructions to such items. Except as provided herein, the disclosures made in the Initial Form 8-K remain unchanged.

Item 9.01 Financial Statements and Exhibits.

The pro forma financial information included in this Form 8-K/A has been presented for informational purposes only. It does not purport to represent the actual results of operations that Amtech and Entrepix would have achieved had the businesses been combined during the periods presented in the pro forma financial information and is not intended to project the future results of operations that the combined businesses may achieve after the Acquisition was consummated.

This Form 8-K/A does not modify or update the consolidated financial statements of Amtech included in Amtech's Annual Report on Form 10-K for the year ended September 30, 2022, nor does it reflect any subsequent information or events.

(a) Financial Statements of Business Acquired.

The audited consolidated financial statements of Entrepix as of and for the year ended February 28, 2022 and accompanying notes are attached hereto as Exhibit 99.1 and incorporated herein by reference.

The unaudited consolidated financial statements of Entrepix as of and for the nine months ended November 30, 2022 and accompanying notes are attached hereto as Exhibit 99.2 and incorporated herein by reference.

(b) Pro forma Financial Information.

The unaudited pro forma combined financial statements of Amtech and Entrepix as of and for the year ended September 30, 2022, giving effect to the acquisition of Entrepix by Amtech, and related notes are filed as Exhibit 99.3 and incorporated by reference herein.

(d) Exhibits.

Exhibit Number	Description of Exhibits
23.1	Consent of Independent Auditor
99.1	Audited consolidated financial statements of Entrepix, Inc. as of and for the year ended February 28, 2022 and accompanying notes and the Independent Auditors' Report contained therein
99.2	Unaudited consolidated financial statements of Entrepix, Inc. as of and for the nine months ended November 30, 2022 and accompanying notes
99.3	Unaudited pro forma combined financial statements and related notes
104	Cover page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMTECH SYSTEMS, INC.

Date:	April 3, 2023	By:	/s/ Lisa D. Gibbs Name: Lisa D. Gibbs
			Title: Vice President and Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITOR

We consent to the inclusion in Form 8-K/A of Amtech Systems, Inc. of our report dated April 3, 2023 with respect to the consolidated financial statements of Entrepix, Inc. and Subsidiaries as of February 28, 2022 and for the year then ended, included in this Current Report on Form 8-K/A of Amtech Systems, Inc. dated April 3, 2023.

/s/ Mayer Hoffman McCann P.C.

Phoenix, Arizona
April 3, 2023

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended February 28, 2022

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended February 28, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Amtech Systems, Inc.,

Opinion

We have audited the consolidated financial statements of Entrepix, Inc. and Subsidiaries (“Entrepix”), which comprise the consolidated balance sheet as of February 28, 2022, and the related consolidated statements of comprehensive income, stockholders’ equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Entrepix as of February 28, 2022, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Entrepix and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Entrepix’s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Entrepix's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Entrepix's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ Mayer Hoffman McCann P.C.

April 3, 2023

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

February 28, 2022

A S S E T S

CURRENT ASSETS		
Cash	$	2,587,164
Receivables, net		4,390,517
Inventories		6,270,845
Prepaid expenses and other current assets		64,771
TOTAL CURRENT ASSETS		13,313,297
PROPERTY AND EQUIPMENT, net		1,304,067
GOODWILL		240,000
DEFERRED INCOME TAX ASSET		167,789
OTHER ASSETS, net		130,421
TOTAL ASSETS	$	15,155,574

L I A B I L I T I E S   A N D   S T O C K H O L D E R S' E Q U I T Y

CURRENT LIABILITIES		
Accounts payable, accrued expenses, and other current liabilities	$	2,627,752
Deferred revenue		120,000
Customer deposits		1,262,477
Income taxes payable		427,327
Current portion of bank credit facility		206,683
TOTAL CURRENT LIABILITIES		4,644,239
LONG-TERM LIABILITIES		
Bank credit facility, less current portion		1,613,716
Subordinated notes payable to stockholders		321,327
Other liabilities - long-term		416,360
TOTAL LONG-TERM LIABILITIES		2,351,403
TOTAL LIABILITIES		6,995,642
STOCKHOLDERS' EQUITY		
Common stock, no par value, 15,000,000 shares authorized		776,065
Accumulated other comprehensive income (loss)		(187,597)
Treasury stock, at cost		(28,591)
Retained earnings		7,600,055
TOTAL STOCKHOLDERS' EQUITY		8,159,932
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	15,155,574

See Notes to Consolidated Financial Statements

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended February 28, 2022

	Amount	%
REVENUE		
Equipment division	$ 17,937,861	91.6
Foundry division	1,646,392	8.4
Total revenue	19,584,253	100.0
COST OF SALES		
Materials	8,062,365	41.2
Labor	3,728,151	19.0
Total cost of sales	11,790,516	60.2
GROSS PROFIT	7,793,737	39.8
OPERATING EXPENSES		
Labor	2,549,794	13.0
Plant and operations	1,376,118	7.0
Selling, general and administrative	597,630	3.1
Depreciation and amortization	444,208	2.3
Total operating expenses	4,967,750	25.4
INCOME FROM OPERATIONS	2,825,987	14.4
OTHER INCOME (EXPENSE)		
Interest expense, net	(122,067)	(0.6)
Paycehck Protection Program loan forgiveness	926,860	4.7
Other	4,064	-
Total other income (expense)	808,857	4.1
INCOME BEFORE PROVISION FOR INCOME TAXES	3,634,844	18.5
PROVISION (BENEFIT) FOR INCOME TAXES		
Current	559,240	2.9
Deferred	(114,245)	(0.6)
Total provision (benefit) for income taxes, net	444,995	2.3
NET INCOME	3,189,849	16.2
Currency translation adjustment	(7,314)	(0.1)
COMPREHENSIVE INCOME	$ 3,182,535	16.1

See Notes to Consolidated Financial Statements

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Year Ended February 28, 2022

	Common Stock		Retained	Accumulated Other Comprehensive	Treasury Stock		Total Stockholders'
	Shares	Amount	Earnings	Income (Loss)	Shares	Amount	Equity
Balance at February 28, 2021	11,931,105	$ 774,831	$ 4,410,206	$ (180,283)	1,094,814	$ (28,591)	$ 4,976,163
Net income, year ended February 28, 2022	-	-	3,189,849	-	-	-	3,189,849
Shares issued on vested incentive stock awards	30,000	-	-	-	-	-	-
Stock option exercises	6,300	1,234	-	-	-	-	1,234
Currency translation adjustment	-	-	-	(7,314)	-	-	(7,314)
Balance at February 28, 2022	11,967,405	$ 776,065	$ 7,600,055	$ (187,597)	1,094,814	$ (28,591)	$ 8,159,932

See Notes to Consolidated Financial Statements

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended February 28, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	3,189,849
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		444,208
Deferred income taxes		(114,245)
Rent equalization		(19,730)
Forgiveness of Paycheck Protection Program loan		(926,860)
Changes in assets and liabilities:		
Receivables		(2,131,658)
Inventories		(1,049,356)
Prepaid expenses and other assets		5,093
Accounts payable, accrued expenses, and other current liabilities		1,276,872
Income taxes payable		163,075
Customer deposits		1,097,309
Deferred revenue		92,175
Other liabilities - long-term		(49,193)
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,977,539
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment		(861,125)
Change in other assets		(82,465)
NET CASH USED IN INVESTING ACTIVITIES		(943,590)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on subordinated notes payable to stockholders		(551,597)
Payments on bank credit facility		(195,048)
Proceeds from borrowings on bank credit facility		150,475
Proceeds from exercise of stock options		1,234
NET CASH USED IN FINANCING ACTIVITIES		(594,936)
EFFECT OF EXCHANGE RATE CHANGES ON CASH		(7,314)
NET CHANGE IN CASH		431,699
CASH, BEGINNING OF YEAR		2,155,465
CASH, END OF YEAR	$	2,587,164
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$	262,933
Cash paid for income taxes	$	391,770

See Notes to Consolidated Financial Statements

(1) Nature of operations

Entrepix, Inc. (the "Company") is an Arizona corporation. The Company specializes in chemical mechanical polishing (CMP), cleaning and related semiconductor processes, offering a combination of products and services relative to these technologies. The Company provides outsourced technology development services and volume production through its Foundry Division, while supplying capital equipment, engineered solutions, including performance upgrades, obsolescence replacement, maintenance parts and sub-assemblies, and field services through its Equipment Division. The Company's customers are integrated device manufacturers, pure-play foundries, materials and product developers, silicon and advanced substrate manufacturers as well as original equipment manufacturers. Its customers are located throughout the United States, Europe and Asia.

Entrepix Asia Pte. Ltd. ("Entrepix Asia") was established on August 26, 2009 as the Asian headquarters for the Company. Entrepix Asia is a private limited company based in Singapore and is wholly owned by ***Entrepix International, Inc.***, an Arizona corporation established July 2, 2009 as an international holding entity for the Company. Entrepix Asia's principal role and responsibility is to promote sales and to support the products and services of the Company in the Asian region, more specifically Singapore, Malaysia, Philippines, Thailand, Taiwan and China. ***Entrepix Exports, Inc***., a Nevada corporation, was established on July 14, 2011 as a Domestic International Sales Corporation (DISC) and has common ownership with the Company. ***Entrepix Medical, LLC*** ("Entrepix Medical"), a Delaware limited liability corporation, was established on May 25, 2017. The Company owned an approximately 75% controlling interest in Entrepix Medical. The Company's ownership in Entrepix Medical was spun off by means of a distribution to the Company's stockholders on December 31, 2019. The operations of Entrepix Medical were consolidated with the Company until December 31, 2019, the date of the distribution. The Company and Entrepix Medical continue to have a management services agreement for certain cost sharing activities. Entrepix Medical is not consolidated for any period after December 31, 2019. See Note 13.

(2) Summary of significant accounting policies

The significant accounting policies followed by the Company are summarized below:

Principles of consolidation – The consolidated financial statements include the accounts of Entrepix, Inc. and its wholly owned subsidiaries, Entrepix International, Inc. and Entrepix Asia Pte. Ltd. The accounts of the DISC are also consolidated as the ownership of the DISC is substantially the same as the Company. All significant intercompany accounts and transactions have been eliminated.

Management's use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted by the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash – Cash includes cash deposits in banks and investments with an original maturity of three months or less that are classified as cash equivalents. Cash balances may, at times, exceed federally insured limits.

Receivables – Receivables consist of non-interest bearing amounts due from customers and other third parties. On a periodic basis, the Company evaluates its accounts receivable and writes off receivables that are considered uncollectible. A receivable is considered past due if payments have not been received within 30 days of the due date. The allowance for doubtful accounts was $40,000 at February 28, 2022.

(2) Summary of significant accounting policies (continued)

Inventories – Inventories are stated at the lower of cost or net realizable value, with cost determined based on the average cost method. An inventory reserve is recorded to adjust certain inventories to the lower of cost or net realizable value based on management's estimate of the related items' ultimate sales price.

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

Shop and cleanroom equipment	7 years
Capitalized development costs	5 years
Advanced fabrication tools	2 - 5 years
Leasehold improvements	7 - 9 years
Computer equipment	5 years
Vehicles	5 years

Impairment of long-lived assets – The Company reviews 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 future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded for the year ended February 28, 2022 ("2022").

Other assets – Other assets subject to amortization include software licenses. Software licenses are amortized using the straight-line method over five years.

Goodwill and intangible assets – Under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Intangibles, Goodwill and Other*, the Company reviews goodwill annually for impairment or when circumstances indicate impairment might exist. Finite-lived intangibles are amortized on a straight-line basis over their estimated useful lives. If the estimate of the asset's useful life is changed, the remaining carrying amount would be amortized prospectively over the revised remaining useful life. If the asset is subsequently determined to have an indefinite useful life, amortization would be discontinued and the asset would be tested for impairment as described above. Accordingly, an impairment loss is recognized if the carrying amount of goodwill or a finite-lived intangible asset is not recoverable and its carrying value exceeds its fair value. No impairment charges related to goodwill or intangible assets were recorded for 2022.

Revenue recognition – The Company recognizes revenue under FASB ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). ASC 606 provides for a five-step model for recognizing revenue from contracts with customers as follows:

1. Identify the contract
2. Identify performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue

(2) Summary of significant accounting policies (continued)

Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration expected to be received in exchange for those goods or services. A performance obligation is a promise in a contract to transfer a product or service to the customer. The transaction price of a contract is allocated to each distinct performance obligation based upon the relative stand-alone selling price ("SSP") for each performance obligation and is recognized as revenue upon satisfaction of the performance obligation.

Our equipment sales consist of multiple performance obligations, including the system itself and obligations that are not delivered simultaneously with the system, primarily installation services. Customers who purchase new systems are provided an assurance-type warranty, generally for periods of 3 to 12 months. In accordance with ASC 606, assurance-type warranties are not considered a performance obligation.

The transaction price for all transactions is based on the price reflected in the individual customer's purchase order. Variable consideration has not been identified as a significant component of the transaction price for any of our transactions.

When the Company has the right to receive payment under a contract, the customer is billed and such amounts are classified as receivables on the consolidated balance sheet. The Company's typical payment terms vary based on the customers and the type of goods and services in the contract, but are typically due within 30 to 60 days of billing, which represent standard commercial terms for similar types of contracts. The Company has determined that most contracts will be completed in less than one year. For those transactions where all performance obligations will be satisfied within one year or less, the Company is applying the practical expedient outlined in ASC 606-10-32-18. This practical expedient allows the Company not to adjust promised consideration for the effects of a significant financing component if the Company expects at contract inception the period between when the Company transfers the promised good or service to a customer and when the customer pays for that good or service will be one year or less. For those transactions that are expected to be completed after one year, the Company has assessed that there are no significant financing components because any difference between the promised consideration and the cash selling price of the good or service is for reasons other than the provision of financing.

For those contracts that contain multiple performance obligations (primarily system sales requiring installation services), the Company must determine the SSP of each performance obligation. To determine the SSP for labor related performance obligations (such as the labor component of installation), the Company uses directly observable inputs based on the standalone sale prices for these services. The Company uses a cost-plus margin approach to estimate the SSP for any materials-related performance obligations (e.g., system add-ons, spare parts, and systems). The Company also uses standard labor burden rates that it applies to all labor costing including similar circumstances as the SSP.

The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized over time if 1) the customer simultaneously receives and consumes the benefits provided by the entity's performance, 2) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or 3) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. If the entity does not satisfy a performance obligation over time, the related performance obligation is satisfied at a point in time by transferring the control of a promised good or service to a customer. Examples of control are using the asset to produce goods or services, enhance the value of other assets, settle liabilities, and holding or selling the asset. For over time recognition, ASC 606 requires the Company to select a single revenue recognition method for the performance obligation that faithfully depicts the Company's performance in transferring control of the goods and services. The guidance allows entities to choose between two methods to measure progress toward complete satisfaction of a performance obligation:

(2) Summary of significant accounting policies (continued)

Output methods - recognize revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract (e.g., surveys of performance completed to date, appraisals of results achieved, milestones reached, time elapsed, and units produced or units delivered); and

Input methods - recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (e.g., resources consumed, labor hours expended, costs incurred, or time elapsed) relative to the total expected inputs to the satisfaction of that performance obligation.

Equipment and related product revenues (e.g., systems, engineered solutions, system add-ons, machinery, consumables and spare parts) are recognized at a point in time, when they are shipped or delivered, depending on contractual terms.

For installation services, revenue is recognized at a point in time, once the installation of the tool is complete. The nature of the installation services are such that the customer does not simultaneously receive and consume the benefits provided by the entity's performance, nor does performance of installation services create or enhance an asset that the customer controls. Installation services do not create an asset with an alternative use to the entity, and the entity does not have an enforceable right to payment for performance completed to date. To the extent the customer has already been billed for installation, the Company recognizes a contract liability for deferred revenue included on the consolidated balance sheet.

Foundry services and maintenance and service contracts are recognized over time. Progress in the satisfaction of these performance obligations will be measured using an input method of either time elapsed in the case of fixed period contracts, or labor hours expended, in the case of project-based contracts.

The Company recognizes an asset related to incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The Company will recognize an asset from costs incurred to fulfill a contract only if such costs relate directly to a contract that the entity can specifically identify, the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future, and the costs are expected to be recovered. Any assets recognized related to costs to obtain or fulfill a contract are amortized to selling, general and administrative expense on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

In substantially all of our business transactions, the Company incurs incremental costs to obtain contracts with customers in the form of sales commissions. The Company maintains a commission program which rewards our sales representatives for system sales and our employees for system sales and other individual goals. Under ASC 606, an asset shall be amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. However, ASC 606 provides a practical expedient to allow for the recognition of commission expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less. Based on the nature of the Company's contracts with customers, the Company has elected this practical expedient and expenses all commissions as incurred based upon the expectation that the amortization period would be one year or less.

The Company has also elected to adopt the practical expedient related to shipping and handling fees which allows the Company to account for shipping and handling activities that occur after control of the related good transfers as fulfillment activities instead of assessing such activities as performance obligations.

Advertising costs – The cost of advertising is expensed when incurred. Advertising expense for the year ended February 28, 2022 was $8,641.

(2) Summary of significant accounting policies (continued)

Income taxes – The Company follows the asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the consolidated financial statement and tax basis of assets and liabilities and the tax rates in effect when these differences are expected to reverse. Should income tax rates legislatively change, the deferred tax assets and liabilities will be adjusted in the period of change.

The Company accounts for uncertainty in income taxes through the application of a more likely-than not threshold for financial statement recognition and measurement of tax positions taken on the Company's tax returns. Management believes the tax positions taken on the Company's income tax returns are appropriate. To the extent that management's assessment of such tax positions changes, the change will be reflected on income tax returns in the period in which the determination is made.

The Company's policy is to classify income tax penalties and interest as tax expense in its consolidated financial statements. During the year ended February 28, 2022, the Company did not recognize any interest or penalties. At February 28, 2022, the Company did not have any uncertain tax positions. The Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2019.

Equity-based compensation – Accounting principles generally accepted in the United States of America require that certain information regarding equity-based compensation arrangements be reported in the consolidated financial statements, including the fair value of equity-based awards granted to employees, officers, and consultants. Management has determined that equity-based compensation isn't material to the overall fair presentation of the consolidated financial statements of the Company. Accordingly, certain disclosures are not reported.

During 2022, 6,300 employee stock options were exercised in relation to the 2005 Stock Option Plan for a total of $1,234. As of February 28, 2022, there were 351,491 options outstanding under the 2005 Stock Option Plan, with exercise prices ranging from $0.0047 to $0.2914.

As of February 28, 2022, there were 0 options outstanding under the 2019 Stock Plan. At February 28, 2022, 575,000 shares are available to issue for new grants.

Under the 2019 Stock Plan, the Company issued incentive stock awards to one employee of 50,000 shares during the year ended February 28, 2021, of which 10,000 shares vested in 2022. During the year ended February 28, 2022, the Company issued incentive stock awards to three employees totaling 75,000 shares, of which 20,000 shares vested in 2022. The shares vest over a four-year period of service and don't contain any performance obligations of the employees.

Paycheck Protection Program loans – The Company applied for and received two forgivable Paycheck Protection Program loans (PPP Loan) provided under the Federal Coronavirus Aid, Relief and Economic Security Act (CARES Act) in the amounts of $926,800 and $926,860 during fiscal year 2021. Under the terms of the loans, the balance is forgivable to the extent the proceeds are used for certain qualified costs and that certain employment levels are maintained. The Company received notice of a legal release from the first loan in fiscal year 2021, and therefore recognized a gain on the extinguishment of debt of the first loan. The Company received notice of a legal release from the second loan, in the amount of $926,860, in fiscal year 2022, and therefore recognized a gain on the extinguishment of debt of the second loan.

(2) Summary of significant accounting policies (continued)

Recent accounting pronouncements – In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the balance sheet upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in existing lease accounting guidance. As a result, the effect of leases in the statement of operations and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU's original effective date was delayed twice pursuant to ASU 2019-10 and ASU 2020-05. The effective date for the Company is now fiscal year ending February 28, 2023, with early adoption permitted. Management is currently evaluating the impact of adoption of this standard on the consolidated financial statements.

(3) Inventories

Inventories consist of the following:	2022
Equipment	$ 212,141
Parts	5,049,867
Work-in-process	919,959
Foundry material	88,878
Total inventories	$ 6,270,845

(4) Property and equipment

Property and equipment consist of the following:

	2022
Cost	
Cleanroom equipment	$ 1,855,037
Shop equipment	253,054
Capitalized development costs	618,519
Advanced fabrication tools	676,500
Leasehold improvements	350,327
Computer equipment	110,571
Vehicles	23,750
Construction in progress	279,438
Total cost	4,167,196
Accumulated depreciation	(2,863,129)
Property and equipment, net	$ 1,304,067

Depreciation expense charged to operations for the year ended February 28, 2022 was $425,619.

(5) Other assets

Other assets consist of the following:

		2022
Software, net of accumulated amortization of $655,392	$	48,028
Deposits		82,393
Total other assets, net	$	130,421

Amortization expense charged to operations for the year ended February 28, 2022 was $13,049. Estimated future annual amortization expense is as follows:

Years Ending		
February 28, 2023	$	15,884
February 29, 2024		9,480
February 28, 2025		7,920
February 28, 2026		7,920
February 28, 2027		6,824
Total	$	48,028

(6) Bank credit facility

At February 28, 2022, the bank credit facility consisted of 1) a $1,000,000 revolving line of credit; 2) a $2,000,000 capital equipment line of credit; and 3) a $960,000 term loan.

The revolving line of credit matured on August 6, 2021, and was extended to October 5, 2022 and carries an interest rate equal to the greater of 3.5% or the Prime Rate (3.5% at February 28, 2022). Interest is payable monthly. Advances under the revolving line of credit are based on eligible accounts receivable and inventory as set forth in the loan agreement and are secured by all of the assets of the Company. The balance was zero as of February 28, 2022.

The capital equipment line of credit matured on August 6, 2021 and was extended to October 5, 2023 and carries an interest rate equal to the greater of 3.5% or the Prime Rate (3.5% at February 28, 2022). Interest is payable monthly. This note is secured by all of the assets of the Company. The outstanding balance was $1,469,350 as of February 28, 2022.

The lines of credit are also subject to certain financial and non-financial covenants on a quarterly basis.

In October 2018, the Company obtained a term loan of $960,000. The term loan is amortized over a five-year period and calls for monthly payments of principal and interest of $18,466 through October 31, 2023. The interest rate is fixed at 5.71%. The outstanding balance was $351,049 as of February 28, 2022.

The following table summarizes future maturities of the capital equipment line of credit and term loan:

Years Ending		
February 28, 2023	$	206,683
February 29, 2024		1,613,716
Total	$	1,820,399

(6) Bank credit facility (continued)

The Company applied for and received a forgivable Paycheck Protection Program Loan of $926,860 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on January 29, 2021. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for the 8 week period beginning on the date of the first disbursement of this loan, and that certain employment levels are maintained.

To the extent a portion of the loan did not meet the criteria to be forgiven, such amount would have been due in monthly installments beginning in 2022 and carried an interest rate of 1.00%. The Company utilized all of the proceeds for eligible costs and submitted a formal request for forgiveness, which was approved on August 10, 2021. Based on receipt of a legal release from the obligation, the Company recorded a gain on the extinguishment of debt equal to $926,860 for the year ended February 28, 2022.

(7) Subordinated notes payable to stockholders

Subordinated promissory notes are payable to certain owners of the Company and mature upon the release of subordination by the bank. Principal and interest is compounded on an annual basis. Interest is accrued at an annual rate equal to the minimum Applicable Federal Rate as set in March of each fiscal year (0.11% for the period March 1, 2021 through February 28, 2022) and can be paid in cash or continue to accrue at the discretion of each note holder. The principal balance of the notes is subordinate to the prior payment in full of all senior, secured indebtedness of the Company. During 2022, the Company received consent from the bank to pay $514,597 in principal and $91,974 in accrued interest on the subordinated notes payable. Interest expense totaled $301 for the year ended February 28, 2022. Accrued interest on the notes at February 28, 2022 totaled $93, and is included in accounts payable, accrued expenses, and other current liabilities.

Subordinated convertible promissory notes are payable to certain owners of the Company and mature upon release of subordination by the bank. Interest accrues at an annual rate of 7% and is payable at maturity or upon conversion of the notes into Company stock. The notes will be automatically converted to stock upon consummation of a qualified financing prior to the maturity or upon a sale or merger resulting in greater than 50% ownership by others. The conversion provisions define a qualified financing as the sale of equity securities resulting in proceeds of at least $500,000 from investors other than the current holders of the subordinated notes. The conversion price will be the price per share of stock paid by the purchasers in the qualified financing. The Company may elect to pay any accrued and unpaid interest in cash or include it in the amount to be converted to stock. The notes are subordinate to the prior payment in full of all senior, secured indebtedness of the Company. During 2022, the Company received consent from the bank to pay $37,000 in principal and $92,405 in accrued interest on the subordinated convertible notes payable. Interest expense on the notes totaled $43,212 for the year ended February 28, 2022. Accrued interest on these notes totaled $416,360 at February 28, 2022, and is included in other liabilities – long-term in the consolidated balance sheet.

(8) Lease commitments

Building leases – The Company occupies its main facilities in Phoenix, Arizona under a long-term operating lease. The lease term is five years and commenced in June 2021. The Company occupies office space in Singapore for Entrepix Asia under a long-term operating lease that expires in June 2023. Future minimum rental payments required under the leases are as follows:

Years Ending		
February 28, 2023	$	663,518
February 29, 2024		651,825
February 28, 2025		647,010
February 28, 2026		647,010
February 28, 2027		161,753
Total	$	2,771,116

The Company has the option to renew the lease for its main facilities for one subsequent five-year period with rent at the then Fair Market Rate as defined in the lease agreement. Rent expense in connection with these leases was $671,940 for the year ended February 28, 2022. Rent expense for the Company's main facilities lease, which had escalating rentals over the original term of the lease through May 1, 2021, is recorded on a straight-line basis over the lease term. The difference between the rent expensed and the rent paid ("rent equalization") was recorded in other liabilities – long-term in the consolidated balance sheet. There was no rent equalization balance as of February 28, 2022.

(9) Income taxes

The provision for income taxes consists of taxes currently due plus deferred income taxes. A valuation allowance may be provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain. The deferred income taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Deferred income tax assets and liabilities are primarily attributable to the following:

- The basis of property and equipment for financial reporting exceeds its tax basis by the cumulative amount of tax depreciation over financial reporting depreciation. The excess will be taxable in future periods through larger depreciation deductions for book purposes.

- The basis of capitalized software for financial reporting exceeds its tax basis by the cumulative amount of tax amortization over financial reporting amortization. The excess will be taxable in future periods through reduced amortization deductions for tax purposes.

- Research and development credits and other carry forwards are not utilized for income tax purposes. These amounts will be utilized in future years as the economic performance requirements are satisfied.

- Amounts reserved for potential bad debts are not deducted for income tax purposes. These amounts will be deductions for income tax purposes in future years when the accounts receivable are actually written off.

(9) Income taxes (continued)

•The tax basis for inventories exceeds the basis for financial reporting by the amount of administrative expenses capitalized for tax purposes and the reserve for reduction from cost to net realizable value. The difference will be deductible when the inventories are sold.

•Amounts reserved for warranty are not deducted for income tax purposes. These amounts will be deductions for income tax purposes in future years when warranty expenses are incurred.

•Accrued compensated absences and certain bonuses are not deducted for income tax purposes. These amounts will be tax deductions in future years as the economic performance requirements are satisfied.

The provision for income taxes consists of:

		2022
Current provision:		
Federal	$	556,458
State		500
Foreign		2,282
Total current provision		559,240
Deferred provision (benefit):		
Federal		(88,857)
State		(25,388)
Total deferred provision (benefit)		(114,245)
Total income tax provision (benefit)	$	444,995

The income tax provision of 12% for 2022 differs from the expense that would result from applying the federal statutory tax rate of 21% principally because of the use of the net operating loss (NOL) carryforwards and to some extent the effect of foreign and state income taxes, various tax credits available to the Company, excluded PPP loan income, certain items deducted for income tax purposes in a previous period, and certain nondeductible expenses.

The components of deferred tax assets (liabilities) included in the accompanying balance sheets are as follows:

		2022
Current deferred tax assets:		
Accrued compensated absences and certain bonuses	$	151,414
Inventory		94,844
Bad debt allowances		10,800
Warranty reserve		22,009
Total net current deferred tax assets	$	279,067
Non-current deferred tax assets/(liabilities):		
Capitalized research and development	$	(154,203)
Capitalized software		(79,526)
Allowance for doubtful deferred management fees receivable		147,765
Property and equipment		(25,314)
Total net non-current deferred tax liabilities		(111,278)
Total net deferred tax assets	$	167,789

(10) Employee benefit plan

The Company has a 401(k) savings plan for its employees. Employees are eligible to participate in the plan upon reaching age 21. The Company did not contribute to the plan for the year ended February 28, 2022.

(11) Major customers and suppliers

At February 28, 2022, the Company had two customers that accounted for approximately 33% of receivables, and two customers that accounted for 23% of total revenue for the year then ended.

For the year ended February 28, 2022, the Company had one supplier that accounted for a total of approximately 37% of total purchases.

(12) Goodwill and intangible assets

On October 31, 2018, Entrepix acquired substantially all of the assets of Campro Manufacturing, Inc. ("Campro"), a machining company.

Goodwill is a result of the workforce in place and synergies gained. The total amount of goodwill, $240,000, is the residual amount of the purchase price over the net tangible and intangible assets acquired and liabilities assumed.

Intangible assets subject to amortization include a customer list and a covenant not to compete totaling $25,000. The following is a summary of intangible assets at February 28, 2022:

	2022
Intangible assets	$ 25,000
Less: accumulated amortization	(25,000)
Total intangible assets, net	$ -

The customer list and the covenant not to compete are amortized using the straight-line method over three years. For the year ended February 28, 2022, amortization expense of the customer list and the covenant not to compete was $5,540 and is included in depreciation and amortization expenses on the accompanying consolidated statement of comprehensive income.

(13) Related party transactions

The Company is a party to a management services agreement with Entrepix Medical, a company related by common ownership (the "MSA"). Pursuant to the MSA, the Company provides certain services related to accounting, human resources, facilities, management information systems, and general administrative support services. These services are provided at standard rates that approximate actual cost, plus a management fee of $5,000 per month. Entrepix Medical also reimburses the Company for actual and reasonable travel and out-of-pocket expenses. Unpaid fees and expenses accrue interest at an annual rate of 3% if past due. Payment of management fees and expenses is not due until Entrepix Medical maintains positive net cash flow in an amount sufficient to pay management fees incurred for any two consecutive calendar months as defined in the agreement. The repayment terms were amended in January 2023 such that no payments will be made to the Company unless and until at least $100 million is first distributed to the equity holders of Entrepix Medical.

The Company provided services and cost sharing under the MSA totaling approximately $397,000 during the year ended February 28, 2022. The Company had amounts receivable from Entrepix Medical totaling approximately $962,000 at February 28, 2022. The Company recorded a full allowance against the amount due under the MSA based on the uncertainty of collection.

(14) Subsequent events

The Company has evaluated subsequent events through April 3, 2023, which is the date the consolidated financial statements were available to be issued.

Pursuant to the terms and conditions of Agreement and Plan of Merger (the “Merger Agreement”), dated January 17, 2023, by and among the Company, Amtech Systems, Inc., (“Amtech”), Emerald Merger Sub, Inc., a wholly owned subsidiary of Amtech (“Merger Sub”), the Shareholders’ Representative, and the Key Shareholders of the Company (as defined in the Merger Agreement), at or immediately prior to, as applicable, the effective time of the merger contemplated under the Merger Agreement (the “Effective Time”), among other things: (i) each share of common stock of the Company (“Common Stock”) issued and outstanding immediately prior to the Effective Time, was automatically cancelled and converted into the right to receive an amount in cash equal to the Closing Common Stock Per Share Merger Consideration (as defined in the Merger Agreement), plus any amount payable with respect to such share of Common Stock pursuant to the Merger Agreement, as applicable; (ii) each option to purchase Common Stock outstanding immediately prior to the Effective Time was, as of the Effective Time, automatically cancelled and retired and converted into the right to receive the Closing Option Per Share Merger Consideration (as defined in the Merger Agreement), plus any amount payable with respect to such option pursuant to the Merger Agreement, as applicable, in each case, subject to any applicable Tax withholding; (iii) the Business Loan Agreement, dated October 5, 2021, between the Company, Entrepix Exports Inc., Entrepix International, Inc. and UMB Bank, N.A. was terminated and all outstanding principal and interest due thereunder was repaid; and (iv) each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time was converted into one validly issued, fully paid and non-assessable share of Common Stock of Entrepix, Inc. as the surviving corporation, resulting in Entrepix, Inc. being a wholly owned subsidiary of Amtech.

Exhibit 99.2

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Period Ended November 30, 2022

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENT

Period Ended November 30, 2022

CONTENTS

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

November 30, 2022

ASSETS

CURRENT ASSETS		
Cash	$	3,753,167
Receivables, net		4,910,353
Inventories		7,123,569
Prepaid expenses and other current assets		78,512
TOTAL CURRENT ASSETS		15,865,601
PROPERTY AND EQUIPMENT, net		977,700
GOODWILL, net		240,000
DEFERRED INCOME TAX ASSET		238,669
OTHER ASSETS, net		147,460
TOTAL ASSETS	$	17,469,430

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable, accrued expenses, and other current liabilities	$	1,881,156
Deferred revenue		160,000
Customer deposits		1,243,275
Income taxes payable		1,410,921
Current portion of bank credit facility		52,859
TOTAL CURRENT LIABILITIES		4,748,211
LONG-TERM LIABILITIES		
Bank credit facility, less current portion		1,613,716
Subordinated notes payable to stockholders		190,820
Other liabilities - long-term		334
TOTAL LONG-TERM LIABILITIES		1,804,870
TOTAL LIABILITIES		6,553,081
STOCKHOLDERS' EQUITY		
Common stock, no par value, 15,000,000 shares authorized		776,357
Accumulated other comprehensive income (loss)		(193,622)
Treasury stock, at cost		(28,694)
Retained earnings		10,362,308
TOTAL STOCKHOLDERS' EQUITY		10,916,349
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	17,469,430

See Notes to Consolidated Financial Statements

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period Ended November 30, 2022

	Amount	%
REVENUE		
Equipment division	$ 17,115,918	93.2
Foundry division	1,257,830	6.8
Total revenue	18,373,748	100.0
COST OF SALES		
Materials	8,346,098	45.4
Labor	2,644,041	14.4
Total cost of sales	10,990,139	59.8
GROSS PROFIT	7,383,609	40.2
OPERATING EXPENSES		
Labor	1,787,332	9.7
Plant and operations	1,241,553	6.8
Selling, general and administrative	465,427	2.5
Depreciation and amortization	363,794	2.0
Total operating expenses	3,858,106	21.0
INCOME FROM OPERATIONS	3,525,503	19.2
OTHER INCOME (EXPENSE)		
Interest expense, net	(88,994)	(0.5)
Other	45,016	0.2
Total other income (expense)	(43,978)	(0.3)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	3,481,525	18.9
PROVISION FOR INCOME TAXES		
Current	790,152	4.3
Deferred	(70,880)	(0.4)
Total provision (benefit) for income taxes	719,272	3.9
NET INCOME	2,762,253	15.0
Currency translation adjustment	(6,025)	(0.1)
COMPREHENSIVE INCOME	$ 2,756,228	14.9

See Notes to Consolidated Financial Statements

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Period Ended November 30, 2022

	Common Stock		Retained	Accumulated Other Comprehensive	Treasury Stock		Total Stockholders'
	Shares	Amount	Earnings	Income (Loss)	Shares	Amount	Equity
Balance at February 28, 2022	11,967,405	$ 776,065	$ 7,600,055	$ (187,597)	1,094,814	$ (28,591)	$ 8,159,932
Net income, period ended November 30, 2022	-	-	2,762,253	-	-	-	2,762,253
Stock option exercises	1,000	292	-	-	-	-	292
Repurchase of treasury stock	-	-	-	-	600	(103)	(103)
Currency translation adjustment	-	-	-	(6,025)	-	-	(6,025)
Balance at November 30, 2022	11,968,405	$ 776,357	$ 10,362,308	$ (193,622)	1,095,414	$ (28,694)	$ 10,916,349

See Notes to Consolidated Financial Statements

ENTREPIX, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Period Ended November 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	2,762,253
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		363,794
Provision for doubtful accounts		6,000
Deferred income taxes		(70,880)
Changes in assets and liabilities:		
Receivables		(525,836)
Inventories		(663,749)
Prepaid expenses and other assets		(13,741)
Accounts payable, accrued expenses, and other current liabilities		(746,596)
Income taxes payable		983,594
Customer deposits		(19,202)
Deferred revenue		40,000
Other liabilities - long-term		(416,026)
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,699,611
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment		(209,199)
Change in other assets		(34,242)
NET CASH USED IN INVESTING ACTIVITIES		(243,441)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on subordinated notes payable to stockholders		(130,506)
Payments on bank credit facility		(153,825)
Repurchase of treasury stock		(103)
Proceeds from exercise of stock options		292
NET CASH USED IN FINANCING ACTIVITIES		(284,142)
EFFECT OF EXCHANGE RATE CHANGES ON CASH		(6,025)
NET CHANGE IN CASH		1,166,003
CASH, BEGINNING OF PERIOD		2,587,164
CASH, END OF PERIOD	$	3,753,167
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$	505,113
Cash paid for income taxes	$	585,000
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Transfer of property and equipment to inventory	$	188,975

See Notes to Consolidated Financial Statements

(1) Nature of operations

Entrepix, Inc. (the "Company") is an Arizona corporation. The Company specializes in chemical mechanical polishing (CMP), cleaning and related semiconductor processes, offering a combination of products and services relative to these technologies. The Company provides outsourced technology development services and volume production through its Foundry Division, while supplying capital equipment, engineered solutions, including performance upgrades, obsolescence replacement, maintenance parts and sub-assemblies, and field services through its Equipment Division. The Company's customers are integrated device manufacturers, pure-play foundries, materials and product developers, silicon and advanced substrate manufacturers as well as original equipment manufacturers. Its customers are located throughout the United States, Europe and Asia.

Entrepix Asia Pte. Ltd. ("Entrepix Asia") was established on August 26, 2009 as the Asian headquarters for the Company. Entrepix Asia is a private limited company based in Singapore and is wholly owned by ***Entrepix International, Inc.***, an Arizona corporation established July 2, 2009 as an international holding entity for the Company. Entrepix Asia's principal role and responsibility is to promote sales and to support the products and services of the Company in the Asian region, more specifically Singapore, Malaysia, Philippines, Thailand, Taiwan and China. ***Entrepix Exports, Inc***., a Nevada corporation was established on July 14, 2011 as a Domestic International Sales Corporation (DISC) and has common ownership with the Company. ***Entrepix Medical, LLC*** ("Entrepix Medical"), a Delaware limited liability corporation, was established on May 25, 2017. The Company owned an approximately 75% controlling interest in Entrepix Medical. The Company's ownership in Entrepix Medical was spun off by means of a distribution to the Company's stockholders on December 31, 2019. The operations of Entrepix Medical were consolidated with the Company until December 31, 2019, the date of the distribution. The Company and Entrepix Medical continue to have a management services agreement for certain cost sharing activities. Entrepix Medical is not consolidated for any period after December 31, 2019. See Note 13.

(2) Summary of significant accounting policies

The significant accounting policies followed by the Company are summarized below:

Principles of consolidation – The consolidated financial statements include the accounts of Entrepix, Inc. and its wholly owned subsidiaries, Entrepix International, Inc. and Entrepix Asia Pte. Ltd. The accounts of the DISC are also consolidated as the ownership of the DISC is substantially the same as the Company. All significant intercompany accounts and transactions have been eliminated.

Management's use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted by the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash – Cash includes cash deposits in banks and investments with an original maturity of three months or less that are classified as cash equivalents. Cash balances may, at times, exceed federally insured limits.

Receivables – Receivables consist of non-interest bearing amounts due from customers and other third parties. On a periodic basis, the Company evaluates its accounts receivable and writes off receivables that are considered uncollectible. A receivable is considered past due if payments have not been received within 30 days of the due date. The allowance for doubtful accounts was $46,000 at November 30, 2022.

(2) Summary of significant accounting policies (continued)

Inventories – Inventories are stated at the lower of cost or net realizable value, with cost determined based on the average cost method. An inventory reserve is recorded to adjust certain inventories to the lower of cost or net realizable value based on management's estimate of the related items' ultimate sales price.

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

Shop and cleanroom equipment	7 years
Capitalized development costs	5 years
Advanced fabrication tools	2 - 5 years
Leasehold improvements	7 - 9 years
Computer equipment	5 years
Vehicles	5 years

Impairment of long-lived assets – The Company reviews 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 future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded for the period ended November 30, 2022 ("2023").

Other assets – Other assets subject to amortization include software licenses. Software licenses are amortized using the straight-line method over five years.

Goodwill and intangible assets – Under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, *Intangibles, Goodwill and Other*, the Company reviews goodwill annually for impairment or when circumstances indicate impairment might exist. Finite-lived intangibles are amortized over their estimated useful lives . If the estimate of the asset's useful life is changed, the remaining carrying amount would be amortized prospectively over the revised remaining useful life. If the asset is subsequently determined to have an indefinite useful life, amortization would be discontinued and the asset would be tested for impairment as described above. Accordingly, an impairment loss is recognized if the carrying amount of goodwill or a finite-lived intangible asset is not recoverable and its carrying value exceeds its fair value. No impairment charges related to goodwill or intangible assets were recorded during the period ended November 30, 2023.

Revenue recognition – The Company recognizes revenue under FASB ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). ASC 606 provides for a five-step model for recognizing revenue from contracts with customers as follows:

1. Identify the contract
2. Identify performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue

(2) Summary of significant accounting policies (continued)

Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration expected to be received in exchange for those goods or services. A performance obligation is a promise in a contract to transfer a product or service to the customer. The transaction price of a contract is allocated to each distinct performance obligation based upon the relative stand-alone selling price ("SSP") for each performance obligation and is recognized as revenue upon satisfaction of the performance obligation.

Our equipment sales consist of multiple performance obligations, including the system itself and obligations that are not delivered simultaneously with the system, primarily installation services. Customers who purchase new systems are provided an assurance-type warranty, generally for periods of 3 to 12 months. In accordance with ASC 606, assurance-type warranties are not considered a performance obligation.

The transaction price for all transactions is based on the price reflected in the individual customer's purchase order. Variable consideration has not been identified as a significant component of the transaction price for any of our transactions.

When the Company has the right to receive payment under a contract, the customer is billed and such amounts are classified as receivables on the consolidated balance sheet. The Company's typical payment terms vary based on the customers and the type of goods and services in the contract, but are typically due within 30 to 60 days of billing, which represent standard commercial terms for similar types of contracts. The Company has determined that most contracts will be completed in less than one year. For those transactions where all performance obligations will be satisfied within one year or less, the Company is applying the practical expedient outlined in ASC 606-10-32-18. This practical expedient allows the Company not to adjust promised consideration for the effects of a significant financing component if the Company expects at contract inception the period between when the Company transfers the promised good or service to a customer and when the customer pays for that good or service will be one year or less. For those transactions that are expected to be completed after one year, the Company has assessed that there are no significant financing components because any difference between the promised consideration and the cash selling price of the good or service is for reasons other than the provision of financing.

For those contracts that contain multiple performance obligations (primarily system sales requiring installation services), the Company must determine the SSP of each performance obligation. To determine the SSP for labor related performance obligations (such as the labor component of installation), the Company uses directly observable inputs based on the standalone sale prices for these services. The Company uses a cost-plus margin approach to estimate the SSP for any materials-related performance obligations (e.g., system add-ons, spare parts, and systems). The Company also uses standard labor burden rates that it applies to all labor costing including similar circumstances as the SSP.

The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized over time if 1) the customer simultaneously receives and consumes the benefits provided by the entity's performance, 2) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or 3) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. If the entity does not satisfy a performance obligation over time, the related performance obligation is satisfied at a point in time by transferring the control of a promised good or service to a customer. Examples of control are using the asset to produce goods or services, enhance the value of other assets, settle liabilities, and holding or selling the asset. For over time recognition, ASC 606 requires the Company to select a single revenue recognition method for the performance obligation that faithfully depicts the Company's performance in transferring control of the goods and services. The guidance allows entities to choose between two methods to measure progress toward complete satisfaction of a performance obligation:

(2) Summary of significant accounting policies (continued)

Output methods - recognize revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract (e.g., surveys of performance completed to date, appraisals of results achieved, milestones reached, time elapsed, and units produced or units delivered); and

Input methods - recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (e.g., resources consumed, labor hours expended, costs incurred, or time elapsed) relative to the total expected inputs to the satisfaction of that performance obligation.

Equipment and related product revenues (e.g., systems, engineered solutions, system add-ons, machinery, consumables and spare parts) are recognized at a point in time, when they are shipped or delivered, depending on contractual terms.

For installation services, revenue is recognized at a point in time, once the installation of the tool is complete. The nature of the installation services are such that the customer does not simultaneously receive and consume the benefits provided by the entity's performance, nor does performance of installation services create or enhance an asset that the customer controls. Installation services do not create an asset with an alternative use to the entity, and the entity does not have an enforceable right to payment for performance completed to date. To the extent the customer has already been billed for installation, the Company recognizes a contract liability for deferred revenue included on the consolidated balance sheet.

Foundry services and maintenance and service contracts are recognized over time. Progress in the satisfaction of these performance obligations will be measured using an input method of either time elapsed in the case of fixed period contracts, or labor hours expended, in the case of project-based contracts.

The Company recognizes an asset related to incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The Company will recognize an asset from costs incurred to fulfill a contract only if such costs relate directly to a contract that the entity can specifically identify, the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future, and the costs are expected to be recovered. Any assets recognized related to costs to obtain or fulfill a contract are amortized to selling, general and administrative expense on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

In substantially all of our business transactions, the Company incurs incremental costs to obtain contracts with customers in the form of sales commissions. The Company maintains a commission program which rewards our sales representatives for system sales and our employees for system sales and other individual goals. Under ASC 606, an asset shall be amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. However, ASC 606 provides a practical expedient to allow for the recognition of commission expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less. Based on the nature of the Company's contracts with customers, the Company has elected this practical expedient and expenses all commissions as incurred based upon the expectation that the amortization period would be one year or less.

The Company has also elected to adopt the practical expedient related to shipping and handling fees which allows the Company to account for shipping and handling activities that occur after control of the related good transfers as fulfillment activities instead of assessing such activities as performance obligations.

Advertising costs – The cost of advertising is expensed when incurred. Advertising expense for the period ended November 30, 2022 was $4,215.

(2) Summary of significant accounting policies (continued)

Income taxes – The Company follows the asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the consolidated financial statement and tax basis of assets and liabilities and the tax rates in effect when these differences are expected to reverse. Should income tax rates legislatively change, the deferred tax assets and liabilities will be adjusted in the period of change.

The Company accounts for uncertainty in income taxes through the application of a more likely-than not threshold for financial statement recognition and measurement of tax positions taken on the Company's tax returns. Management believes the tax positions taken on the Company's income tax returns are appropriate. To the extent that management's assessment of such tax positions changes, the change will be reflected on income tax returns in the period in which the determination is made.

The Company's policy is to classify income tax penalties and interest as tax expense in its consolidated financial statements. During the period ended November 30, 2022, the Company did not recognize any interest or penalties. At November 30, 2022, the Company did not have any uncertain tax positions. The Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2019.

Equity-based compensation – Accounting principles generally accepted in the United States of America require that certain information regarding equity-based compensation arrangements be reported in the consolidated financial statements, including the fair value of equity-based awards granted to employees, officers, and consultants. Management has determined that equity-based compensation isn't material to the overall fair presentation of the consolidated financial statements of the Company. Accordingly, certain disclosures are not reported.

During 2023, 1,000 employee stock options were exercised in relation to the 2005 Stock Option Plan for a total of $292. As of November 30, 2022, there were 335,991 options outstanding under the 2005 Stock Option Plan, with exercise prices ranging from $0.0047 to $0.2914.

As of November 30, 2022, there were 0 options outstanding, respectively, under the 2019 Stock Plan. During the period ended November 30, 2022, no incentive stock awards vested. At November 30, 2022, 575,000 shares are available to issue for new grants.

Recent accounting pronouncements – In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the balance sheet upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in existing lease accounting guidance. As a result, the effect of leases in the statement of operations and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU's original effective date was delayed twice pursuant to ASU 2019-10 and ASU 2020-05. The effective date for the Company is now fiscal year ending February 28, 2023, with early adoption permitted. The standard is not required to be adopted on an interim basis in the year of adoption. The standard will be adopted as part of the Company's acquisition in Note 14.

(3) Inventories

Inventories consist of the following:	2023
Equipment	$ 203,605
Parts	5,781,395
Work-in-process	1,085,376
Foundry material	53,193
Total inventories	$ 7,123,569

(4) Property and equipment

Property and equipment consist of the following as of November 30, 2022:

Cost	
Cleanroom equipment	$ 1,783,143
Shop equipment	253,054
Capitalized development costs	618,519
Advanced fabrication tools	955,920
Leasehold improvements	350,327
Computer equipment	110,571
Vehicles	23,750
Construction in progress	19,195
Total cost	4,167,196
Accumulated depreciation	(3,136,779)
Property and equipment, net	$ 977,700

Depreciation expense charged to operations for the period ended November 30, 2022 was $346,591.

(5) Other assets

Other assets consist of the following as of November 30, 2022:

Software, net of accumulated amortization of $672,595 at November 30, 2022.	$ 39,620
Deposits	107,840
Total other assets, net	$ 147,460

Amortization expense charged to operations for the period ended November 30, 2022 was $17,203. Estimated future annual amortization expense is as follows:

Years Ending	
Remainder of year ending February 28, 2023	$ 5,433
February 29, 2024	16,967
February 28, 2025	14,308
February 28, 2026	2,208
February 28, 2027	704
Total	$ 39,620

(6) Bank credit facility

At February 29, 2020, the bank credit facility consists of 1) a $1,000,000 revolving line of credit; 2) a $2,000,000 capital equipment line of credit; and 3) a $960,000 term loan.

The revolving line of credit matured on October 5, 2022 and was extended until January 3, 2023 when it matured again without being extended. The revolving line of credit carried an interest rate equal to the greater of 3.5% or the Prime Rate (7.00% at November 30, 2022). Interest was payable monthly. Advances under the revolving line of credit were based on eligible accounts receivable and inventory as set forth in the loan agreement and was secured by all of the assets of the Company. The balance was zero as of November 30, 2022.

The capital equipment line of credit matures on October 5, 2023 and carries an interest rate equal to the greater of 3.5% or the Prime Rate (7.00% at November 30, 2022). Interest is payable monthly. This note is secured by all of the assets of the Company. The outstanding balance was $1,469,350 as of November 30, 2022.

The lines of credit are also subject to certain financial and non-financial covenants on a quarterly basis.

In October 2018, the Company obtained a term loan of $960,000. The term loan is amortized over a five-year period and calls for monthly payments of principal and interest of $18,466 through October 31, 2023. The interest rate is fixed at 5.71%. The outstanding balance was $197,225 as of November 30, 2022.

The following table summarizes future maturities of the capital equipment line of credit and term loan:

Years Ending	
Remainder of year ending February 28, 2023	$ 52,859
February 29, 2024	1,613,716
Total	$ 1,666,575

(7) Subordinated notes payable to stockholders

Subordinated promissory notes are payable to certain owners of the Company and mature upon the release of subordination by the bank. Principal and interest is compounded on an annual basis. Interest is accrued at an annual rate equal to the minimum Applicable Federal Rate as set in March of each fiscal year (0.97% for the period March 1, 2022 through November 30, 2022) and can be paid in cash or continue to accrue at the discretion of each note holder. The principal balance of the notes is subordinate to the prior payment in full of all senior, secured indebtedness of the Company. During the period ended November 30, 2022, the Company received consent from the bank to pay the remaining $113,326 in principal and $891 in accrued interest.

Subordinated convertible promissory notes are payable to certain owners of the Company and mature upon release of subordination by the bank. Interest accrues at an annual rate of 7% and is payable at maturity or upon conversion of the notes into Company stock. The notes will be automatically converted to stock upon consummation of a qualified financing prior to the maturity or upon a sale or merger resulting in greater than 50% ownership by others. The conversion provisions define a qualified financing as the sale of equity securities resulting in proceeds of at least $500,000 from investors other than the current holders of the subordinated notes. The conversion price will be the price per share of stock paid by the purchasers in the qualified financing. The Company may elect to pay any accrued and unpaid interest in cash or include it in the amount to be converted to stock. The notes are subordinate to the prior payment in full of all senior, secured indebtedness of the Company. During the period ended November 30, 2022, the Company received consent from the bank to pay $17,180 in principal and $443,602 in accrued interest. Interest expense on the notes totaled $28,374 for the period ended November 30, 2022. Accrued interest on these notes totaled $334 at November 30, 2022 and is included in other liabilities – long-term in the consolidated balance sheet.

(8) Lease commitments

Building lease – The Company occupies its main facilities in Phoenix, Arizona under a long-term operating lease. The lease term is five years and commenced in June 2021. The Company occupies office space in Singapore for Entrepix Asia under a long-term operating lease that expires in June 2023. Future minimum rental payments required under the leases are as follows:

Years Ending	
Remainder of year ending February 28, 2023	$ 165,879
February 29, 2024	651,825
February 28, 2025	647,010
February 28, 2026	647,010
February 28, 2027	161,753
Total	$ 2,273,477

Rent expense in connection with these leases was $579,999 for the period ended November 30, 2022.

(9) Income taxes

The provision for income taxes consists of taxes currently due plus deferred income taxes. A valuation allowance may be provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain. The deferred income taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Deferred income tax assets and liabilities are primarily attributable to the following:

- The basis of property and equipment for financial reporting exceeds its tax basis by the cumulative amount of tax depreciation over financial reporting depreciation. The excess will be taxable in future periods through larger depreciation deductions for book purposes.

- The basis of capitalized software for financial reporting exceeds its tax basis by the cumulative amount of tax amortization over financial reporting amortization. The excess will be taxable in future periods through reduced amortization deductions for tax purposes.

- Research and development credits and other carry forwards are not utilized for income tax purposes. These amounts will be utilized in future years as the economic performance requirements are satisfied.

- Amounts reserved for potential bad debts are not deducted for income tax purposes. These amounts will be deductions for income tax purposes in future years when the accounts receivable are actually written off.

- The tax basis for inventories exceeds the basis for financial reporting by the amount of administrative expenses capitalized for tax purposes and the reserve for reduction from cost to net realizable value. The difference will be deductible when the inventories are sold.

- Amounts reserved for warranty are not deducted for income tax purposes. These amounts will be deductions for income tax purposes in future years when warranty expenses are incurred.

(9) Income taxes (continued)

•Accrued compensated absences and certain bonuses are not deducted for income tax purposes. These amounts will be tax deductions in future years as the economic performance requirements are satisfied.

The provision for income taxes for the period ended November 30, 2022 consists of:

Current provision:	
Federal	$ 784,592
State	500
Foreign	5,060
Total current provision	790,152
Deferred provision (benefit):	
Federal	(55,129)
State	(15,751)
Total deferred provision (benefit)	(70,880)
Total income tax provision (benefit)	$ 719,272

The income tax provision of 20% for the period ended November 30, 2022 differs from the expense that would result from applying the federal statutory tax rate of 21% principally due to the effect of foreign and state income taxes, various tax credits available to the Company, certain items deducted for income tax purposes in a previous period, and certain nondeductible expenses.

The components of deferred tax assets (liabilities) included in the accompanying consolidated balance sheet as of November 30, 2022 are as follows:

Current deferred tax assets:	
Accrued compensated absences and certain bonuses	$ 153,701
Inventory	82,754
Bad debt allowances	9,180
Warranty reserve	3,135
Total net current deferred tax assets	$ 248,770
Non-current deferred tax assets/(liabilities):	
Capitalized research and development	$ (154,202)
Capitalized software	(77,152)
R&D credits and other carryforwards	50,858
Allowance for doubtful deferred management fees receivable	147,765
Property and equipment	22,630
Total net non-current deferred tax liabilities	(10,101)
Total net deferred tax assets	$ 238,669

(10) Employee benefit plan

The Company has a 401(k) savings plan for its employees. Employees are eligible to participate in the plan upon reaching age 21. The Company did not contribute to the plan for the period ended November 30, 2022.

(11) Major customers and suppliers

At November 30, 2022, the Company had three customers that accounted for approximately 46% of receivables and 38% of total revenue for the period then ended.

For the period ended November 30, 2022, the Company had one supplier that accounted for a total of approximately 18% of total purchases.

(12) Goodwill and intangible assets

On October 31, 2018, Entrepix acquired substantially all of the assets of Campro Manufacturing, Inc. ("Campro"), a machining company.

Goodwill is a result of the workforce in place and synergies gained. The total amount of goodwill, $240,000, is the residual amount of the purchase price over the net tangible and intangible assets acquired and liabilities assumed.

Intangible assets subject to amortization include a customer list and a covenant not to compete totaling $25,000. The following is a summary of intangible assets at November 30, 2022:

	2023
Intangible assets	$ 25,000
Less: accumulated amortization	(25,000)
Total intangible assets, net	$ -

The customer list and the covenant not to compete were amortized using the straight-line method over three years and were fully amortized prior to the period ended November 30, 2022.

(13) Related party transactions

The Company has a management services agreement with Entrepix Medical, a company related by common ownership (the "MSA"). Pursuant to the MSA, the Company provided certain services related to accounting, human resources, facilities, management information systems, and general administrative support services. These services are provided at standard rates that approximate actual cost, plus a management fee is $5,000 per month. Entrepix Medical also reimburses the Company for actual and reasonable travel and out-of-pocket expenses. Unpaid fees and expenses accrue interest at an annual rate of 3% only if past due. Payment of management fees and expenses is not due until Entrepix Medical maintains positive net cash flow in an amount sufficient to pay management fees then incurred by the Company for any two consecutive calendar months as defined in the agreement. The repayment terms were amended in January 2023 such that no payments will be made to the Company unless and until at least $100 million is first distributed to the equity holders of Entrepix Medical.

The Company provided services and cost sharing under the MSA totaling approximately $261,000 during the period ended November 30, 2022. The Company had amounts receivable from Entrepix Medical totaling approximately $1,223,000 at November 30, 2022. The Company recorded a full allowance against the amount due under the MSA based on the uncertainty of collection.

(14) Subsequent events

The Company has evaluated subsequent events through April 3, 2023, which is the date the consolidated financial statements were available to be issued.

Pursuant to the terms and conditions of Agreement and Plan of Merger (the "Merger Agreement"), dated January 17, 2023, by and among the Company, Amtech Systems, Inc., ("Amtech"), Emerald Merger Sub, Inc., a wholly owned subsidiary of Amtech ("Merger Sub"), the Shareholders' Representative, and the Key Shareholders of the Company (as defined in the Merger Agreement), at or immediately prior to, as applicable, the effective time of the merger contemplated under the Merger Agreement (the "Effective Time"), among other things: (i) each share of common stock of the Company ("Common Stock") issued and outstanding immediately prior to the Effective Time, was automatically cancelled and converted into the right to receive an amount in cash equal to the Closing Common Stock Per Share Merger Consideration (as defined in the Merger Agreement), plus any amount payable with respect to such share of Common Stock pursuant to the Merger Agreement, as applicable; (ii) each option to purchase Common Stock outstanding immediately prior to the Effective Time was, as of the Effective Time, automatically cancelled and retired and converted into the right to receive the Closing Option Per Share Merger Consideration (as defined in the Merger Agreement), plus any amount payable with respect to such option pursuant to the Merger Agreement, as applicable, in each case, subject to any applicable Tax withholding; (iii) the Business Loan Agreement, dated October 5, 2021, between the Company, Entrepix Exports Inc., Entrepix International, Inc. and UMB Bank, N.A. was terminated and all outstanding principal and interest due thereunder was repaid; and (iv) each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time was converted into one validly issued, fully paid and non-assessable share of Common Stock of Entrepix, Inc. as the surviving corporation, resulting in Entrepix, Inc. being a wholly owned subsidiary of Amtech.

AMTECH SYSTEMS, INC.
UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

On January 17, 2023 (the “Closing” or “Closing Date”), Amtech Systems, Inc., an Arizona corporation (the “Company”, “Amtech” “we” or “us”) completed the acquisition of Entrepix, Inc., an Arizona corporation (“Entrepix”), through a reverse triangular merger. Pursuant to the terms and conditions of the Agreement and Plan of Merger dated January 17, 2023 (the “Merger Agreement”), Emerald Merger Sub, Inc., a wholly-owned subsidiary of the Company (“Merger Sub”) merged with and into Entrepix (the “Merger”) resulting in Entrepix surviving the Merger and becoming a wholly-owned subsidiary of the Company (the “Acquisition” or “Transaction”).

On the Closing Date, in connection with the Merger Agreement and in contemplation of the Transaction, Amtech entered into a Loan and Security Agreement (the “LSA”), by and among the Company, its U.S. based wholly owned subsidiaries, and Entrepix, (collectively the “Borrowers”), and UMB Bank, N.A., national banking association (the “Lender”) under which the Lender provided Amtech with (i) a term loan of $12.0 million maturing January 17, 2028 (the “Term Loan”), and (ii) a revolving loan facility of $8.0 million maturing January 17, 2024 (the “Revolver”). Amtech used the proceeds of the Term Loan to partially fund the Transaction. No amounts were drawn under the Revolver.

The Acquisition will be accounted for using the acquisition method of accounting for business combinations under Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) Topic 805, *Business Combinations*, with Amtech representing the accounting acquirer under this guidance. The unaudited pro forma combined financial statements were prepared in accordance with Article 11 of Regulation S-X, as amended by Final Rule Release No. 33-10786, *Amendments to Financial Disclosures About Acquired and Disposed Businesses.* The unaudited pro forma combined financial information is presented to illustrate the transaction accounting effects of the Acquisition and the issuance of debt used to partially fund the Acquisition.

The unaudited pro forma combined balance sheet gives effect to the Acquisition and funding for the Acquisition as if the Acquisition occurred on September 30, 2022 and combines Amtech’s historical audited consolidated balance sheet as of September 30, 2022 with Entrepix’s November 30, 2022 unaudited consolidated balance sheet.

The unaudited pro forma combined statement of operations for the year ended September 30, 2022 combines Amtech’s historical audited consolidated statement of operations for the year ended September 30, 2022 with Entrepix’s historical unaudited consolidated statement of income for the twelve months ended November 30, 2022, giving effect to the Acquisition as if it occurred on October 1, 2021.

The estimated purchase price of the Acquisition will be allocated to the assets acquired and liabilities assumed based upon their estimated fair values as of the Closing Date; any excess value of the estimated consideration transferred over the net assets will be recognized as goodwill. The Company has made a preliminary allocation of the purchase price to the assets acquired and liabilities assumed based on management’s preliminary valuation of the fair value of tangible and intangible assets acquired and liabilities assumed using information currently available. The finalization of the Company’s purchase accounting assessment may result in changes to the valuation of assets acquired and liabilities assumed, which could have a material impact on the accompanying unaudited pro forma combined financial information.

The unaudited pro forma combined financial information contains certain reclassification adjustments to conform the historical Entrepix’s financial statement presentation to Amtech’s financial statement presentation. Additionally, the unaudited pro forma combined financial information contains adjustments reflecting the Acquisition and related debt financing. The adjustments related to the Transaction are shown in a separate column as “Transaction Adjustments” whereas the adjustments related to the Term Loan are shown in a separate column as “Financing Adjustments.”

Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma combined balance sheet as of September 30, 2022 and unaudited pro forma combined statement of operations for the year ended September 30, 2022.

The following unaudited pro forma combined financial information should be read in conjunction with Amtech's consolidated financial statements and related notes and Entrepix's audited financial statements and related notes. Amtech's financial statements and notes are included in the Company's Annual Report on Form 10-K for the year ended September 30, 2022 filed on November 30, 2022. Entrepix's audited financial statements and related notes for the year ended February 28, 2022 and unaudited financial statements and related notes for the nine months ended November 30, 2022 are included elsewhere in this Form 8-K.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited pro forma combined financial information and related notes are presented for illustrative purposes only, and do not purport to represent what the actual consolidated results of operations or financial condition would have been had the Acquisition occurred on the dates indicated, nor are they necessarily indicative of the combined company's future results of operations or financial position. Additionally, the unaudited pro forma combined financial statements do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies, or any revenue, tax, or other synergies that may result from the Acquisition.

AMTECH SYSTEMS, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2022
(Amounts in thousands)

	Amtech Systems, Inc. September 30, 2022 Historical	Entrepix, Inc. November 30, 2022 As Adjusted (Note 3)	Transaction Adjustments (Note 5)	Note Ref	Financing Adjustments (Note 6)	Pro Forma Combined
Assets						
Current Assets						
Cash and cash equivalents	$ 46,874	$ 3,753	$ (38,857)	**5(A)**	$ 12,000	$ 23,770
Accounts receivable - Net	25,013	4,909	-		-	29,922
Inventories	25,488	5,368	-		-	30,856
Other current assets	5,561	157	-		-	5,718
Total current assets	102,936	14,187	(38,857)		12,000	90,266
Property, Plant and Equipment - Net	6,552	978	1,074	**5(B)**	-	8,604
Right-of-Use Assets - Net	11,258	2,325	-		-	13,583
Intangible Assets - Net	758	-	12,800	**5(C)**	-	13,558
Goodwill	11,168	239	20,242	**5(F)**	-	31,649
Deferred Tax Assets	79	168	4,209	**5(H)**	-	4,456
Other Assets	783	31	-		-	814
Total Assets	$ 133,534	$ 17,928	$ (532)		$ 12,000	$ 162,930
Liabilities and Shareholders' Equity						
Current Liabilities						
Accounts payable	$ 7,301	$ 1,030	$ -		$ -	$ 8,331
Accrued compensation and related taxes	4,109	576	-		-	4,685
Accrued warranty expense	871	-	-		-	871
Other accrued liabilities	900	275	1,966	**5(D)**	-	3,141
Current maturities of finance lease liabilities and long-term debt	107	197	-		2,144	2,448
Current portion of long-term operating lease liabilities	2,101	595	-		-	2,696
Contract liabilities	7,231	1,404	-		-	8,635
Income taxes payable	6	1,521	(488)	**5(H)**	-	1,039
Total current liabilities	22,626	5,598	1,478		2,144	31,846
Finance Lease Liabilities and Long-Term Debt	220	1,660	-		9,856	11,736
Long-Term Operating Lease Liabilities	9,395	1,730	-		-	11,125
Income Taxes Payable	2,849	-	-		-	2,849
Deferred Tax Liabilities	-	-	4,519	**5(H)**	-	4,519
Other Long-Term Liabilities	76	-	-		-	76
Total Liabilities	35,166	8,988	5,997		12,000	62,151
Commitments and contingencies	-	-	-		-	-
Shareholders' Equity						
Preferred stock	-	-	-		-	-
Common stock	140	253	(253)	**5(E)**	-	140
Additional paid-in capital	124,458	11	(11)	**5(E)**	-	124,458
Accumulated other comprehensive (loss) income	(1,767)	(194)	194	**5(E)**	-	(1,767)
Retained deficit	(24,463)	8,870	(6,459)	**5(D), 5(E), 5(H)**	-	(22,052)
Total Shareholders' Equity	98,368	8,940	(6,529)		-	100,779
Total Liabilities and Shareholders' Equity	$ 133,534	$ 17,928	$ (532)		$ 12,000	$ 162,930

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

AMTECH SYSTEMS, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2022
(Amounts in thousands, except per share data)

	Amtech Systems, Inc. 12 months ended September 30, 2022 Historical	Entrepix, Inc. 12 months ended November 30, 2022 As Adjusted (Note 3)	Transaction Adjustments (Note 5)	Note Ref	Financing Adjustments (Note 6)	Pro Forma Combined
Revenue, net	$ 106,298	$ 24,979	$ -		$ -	$ 131,277
Cost of sales	66,787	14,189	3,204	**5(B), 5(C)**	-	84,180
Gross profit	39,511	10,790	(3,204)		-	47,097
Selling, general and administrative	28,300	5,318	2,329	**5(B), 5(C), 5(D)**	-	35,947
Research, development and engineering	6,390	780	-		-	7,170
Gain on sale of fixed assets	(12,465)	-	-		-	(12,465)
Operating income	17,286	4,692	(5,533)		-	16,445
Interest income (expense) and other, net	1,499	(118)	-		(738)	643
Income before income taxes	18,785	4,574	(5,533)		(738)	17,088
Income tax expense (benefit)	1,418	674	(4,865)	**5(H)**	-	(2,773)
Income, net of tax	$ 17,367	$ 3,900	$ (668)		$ (738)	$ 19,861
Income Per Share:						
Basic	1.24					1.42
Diluted	1.22					1.40
Weighted average shares outstanding - basic	14,014	-	-			14,014
Weighted average shares outstanding - diluted	14,184	-	-			14,184

The accompanying notes are an integral part of these unaudited pro forma combined financial statements.

AMTECH SYSTEMS, INC.
NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

1. Basis of Pro Forma Presentation

The unaudited pro forma combined financial information is presented to illustrate the pro forma effects of the Acquisition. Amtech's historical information is derived from Amtech's audited consolidated balance sheet and consolidated statement of operations as of and for the fiscal year ended September 30, 2022, all of which were prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

Entrepix's historical financial information is derived from Entrepix's audited consolidated statement of comprehensive income for the fiscal year ended February 28, 2022, unaudited consolidated balance sheet information as of November 30, 2022, and unaudited consolidated statement of income for the twelve months ended November 30, 2022, all of which were prepared in accordance with U.S. GAAP.

Amtech and Entrepix have different fiscal year ends of September 30 and February 28, respectively. In accordance with Regulation S-X, Rule 110-(c)(3), the unaudited pro forma combined financial statements are prepared using Entrepix's interim unaudited consolidated balance sheet as of November 30, 2022 and interim unaudited consolidated statement of income for twelve months ended November 30, 2022 based on Amtech's fiscal year end of September 30, 2022.

The unaudited pro forma combined statements of operations illustrate the effects of the Acquisition as if it had been completed on October 1, 2021, and the unaudited pro forma combined balance sheet reflects effects of the Acquisition as if it had been completed on September 30, 2022. The pro forma adjustments are preliminary and based on estimates of the purchase consideration and estimates of fair value and useful lives of the assets acquired and liabilities assumed. The final purchase price allocations will be based on estimated fair value of the assets acquired and the liabilities assumed as of the Closing Date of the Acquisition and could result in material changes to the unaudited pro forma combined financial information.

Amtech will apply FASB ASC Topic 820 *Fair Value Measurements* for purposes of measuring the estimated fair value of the assets acquired and liabilities assumed in determining the final purchase price allocations. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers unrelated to Amtech in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. Many of these fair value measurements can be highly subjective and it is also possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

The unaudited pro forma combined financial information has been prepared using the acquisition method of accounting in accordance with FASB ASC Topic 805 *Business Combinations* ("Topic 805"), where Amtech is the accounting acquirer of Entrepix. Under Topic 805, acquisition-related costs (such as advisory, legal, valuation, and other professional fees) incurred by and on behalf of Amtech are not part of the allocation of the consideration transferred but are part of the transaction accounting adjustments for the Acquisition and not a separate material transaction. Adjustments were made for transaction costs to the extent that they were incurred or expected to be incurred and not already recognized in the historical financial statements.

The unaudited pro forma combined information is preliminary, presented solely for informational purposes and does not purport to represent what the combined statements of operations or balance sheet would have been for the periods or dates indicated, nor is it necessarily indicative of the combined future consolidated results of operations or financial position. The actual results reported in periods following the Acquisition may differ significantly from those reflected in these unaudited pro forma combined financial information presented herein for a number of reasons, including, but not limited to, differences between the assumptions used to prepare the pro forma adjustments and actual amounts, cost savings or associated costs to achieve such savings from operating efficiencies, synergies, debt refinancing, or other restructuring that may result from the Acquisition, but for which are not reflected herein. Any non-recurring items related to the Acquisition were reflected in the unaudited pro forma combined statement of operations for the year ended September 30, 2022.

2. Description of the Acquisition

On January 17, 2023, Amtech entered into a Merger Agreement with Entrepix in which Entrepix became a wholly owned subsidiary of Amtech. At the Closing of the Merger, the Company paid a stated cash purchase price of $35.0 million.

At the time of issuance of these unaudited pro forma combined financial statements, the determination of purchase consideration as defined in Topic 805 is preliminary. See Note 4 below for further details on the estimated purchase consideration.

In connection with the Acquisition, Amtech entered into a Loan and Security Agreement ("LSA") by and among the Company, the Borrowers, and the Lender. The LSA provides for (i) a Term Loan in the amount of $12.0 million maturing January 17, 2028, and (ii) a Revolver of $8.0 million maturing January 17, 2024. No amounts were drawn under the Revolver. The LSA is filed as Exhibit 10.2 in Amtech's Form 10-Q filing dated February 8, 2023.

3. Adjustments to Entrepix Financial Statements

The adjustments reflected in Entrepix's historical unaudited consolidated balance sheet as of November 30, 2022 and unaudited consolidated statement of income for the twelve months ended November 30, 2022 were made to align Entrepix's accounting policies and presentation with that of Amtech. There is approximately $0.2 million of net differences between balances presented and Entrepix historical unaudited consolidated balance sheet as of November 30, 2022 as included elsewhere in this 8-K/A.

The Company identified certain reclassifications and accounting policy alignment adjustments that were necessary to conform Entrepix's financial information presentation to that of Amtech. For purposes of the unaudited pro forma combined financial statements, Entrepix's historical balance sheet and statement of comprehensive income have been adjusted to reflect these reclassifications and accounting policy alignment adjustments below. Management's assessment is ongoing and, at the time of preparing the unaudited pro forma combined financial statements, other than the adjustments and reclassifications made herein, management is not aware of any other material differences.

Entrepix Unaudited Consolidated Balance Sheet as of November 30, 2022

The following table illustrates the impact of aligning financial statement line items to conform to Amtech's financial statement presentation (in thousands):

	Entrepix, Inc. November 30, 2022 Historical[1]	Alignment to Amtech Systems, Inc. Captions	Reclassification Adjustments	Note Ref	Entrepix, Inc. November 30, 2022, as adjusted
Assets					
Current Assets					
Cash and cash equivalents	$ 3,753	$ -	$ -		$ 3,753
Accounts receivable - Net	4,909	-	-		4,909
Inventories	7,124	-	(1,756)	**Ai**	5,368
Other current assets	157	-	-		157
Total current assets	15,943	-	(1,756)		14,187
Property, Plant and Equipment - Net	978	-	-		978
Right-of-Use Assets - Net	-	-	2,326	**Aiii**	2,326
Intangible Assets - Net	(58)	-	58	**Aii**	-
Goodwill	239	-	-		239
Deferred Income Taxes - Net	168	-	-		168
Other Assets	31	-	-		31
Total Assets	$ 17,301	$ -	$ 628		$ 17,929
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable	$ -	$ 1,030	$ -		$ 1,030
Accrued compensation and related taxes	-	576	-		576
Accrued warranty expense	-	-	-		-
Other accrued liabilities	-	275	-		275
Current maturities of finance lease liabilities and long-term debt	197	-	-		197
Current portion of long-term operating lease liabilities	-	-	595	**Aiii**	595
Contract liabilities	160	1,243	-		1,403
Income taxes payable	1,521	-	-		1,521
Accounts payable, accrued expenses, and other current liabilities	1,881	(1,881)	-		-
Customer deposits	1,243	(1,243)	-		-
Total current liabilities	5,002	-	595		5,597
Finance Lease Liabilities and Long-Term Debt	1,469	191	-		1,660
Long-Term Operating Lease Liabilities	-	-	1,730	**Aiii**	1,730
Income Taxes Payable	-	-	-		-
Other Long-Term Liabilities	-	-	-		-
Subordinated notes payable to stockholders	193	(191)	-		2
Total Liabilities	6,664	-	2,325		8,989
Commitments and contingencies	-	-			-
Shareholders' Equity					
Preferred stock	-	-	-		-
Common stock	253	-	-		253
Additional paid-in capital	11	-	-		11
Accumulated other comprehensive (loss) income	(194)	-	-		(194)
Retained deficit	10,596	-	(1,726)	**Ai, Aii, Aii**	8,870
Treasury stock, at cost	(29)	-	29	**Aii**	-
Total Shareholders' Equity	10,637	-	(1,697)		8,940
Total Liabilities and Shareholders' Equity	$ 17,301	$ -	$ 628		$ 17,929

(1) There is approximately $0.2 million of net differences between balances presented and Entrepix historical unaudited consolidated balance sheet as of November 30, 2022 as included elsewhere in this 8-K/A.

Entrepix Unaudited Consolidated Statement of Income for the twelve months ended November 30, 2022

The following table illustrates the impact of aligning financial statement line items to conform to Amtech's financial statement presentation (in thousands):

	Entrepix, Inc. 12 months ended November 30, 2022 Historical	Alignment to Amtech Systems, Inc. Captions	Reclassification Adjustments	Note Ref	Entrepix, Inc. 12 months ended November 30, 2022 as adjusted
Equipment division	$ 23,333	$ (23,333)	$ -		$ -
Foundry division	1,646	(1,646)	-		-
Revenue, net	-	24,979	-		24,979
Materials	11,463	(11,463)	-		-
Labor	3,797	(3,797)	-		-
Cost of sales	-	13,726	464	**Bii**	14,190
Gross profit	9,719	1,534	(464)		10,789
Labor	2,703	(2,703)	-		-
Plant and operations	1,324	(1,324)	-		-
Selling, general and administrative	570	5,293	(547)	**Bi, Bii**	5,316
Research, development and engineering	-	780	-		780
Depreciation and amortization	512	(512)	-		-
Gain on sale of fixed assets	-	-	-		-
Operating income	4,610	-	83		4,693
Interest income (expense) and other, net	(118)	-	-		(118)
Income before income taxes	4,492	-	83		4,575
Income tax provision	674	-	-		674
Income, net of tax	$ 3,818	$ -	$ 83		$ 3,901

Policy Alignment and Reclassification Adjustments

In addition to the alignment of Entrepix's historical financial information to conform to Amtech's financial statement line items, the following summary represents accounting policy alignment and reclassifications to conform Entrepix's historical financial information to Amtech's financial statement presentation and accounting policies:

A.Consolidated Balance Sheet Policy Alignment and Reclassification Adjustments

i.Write down of inventory of $1.8 million from Inventories to Retained deficit for policy alignment.
ii.Adjustment to reflect policy alignment of $58.4 thousand from Intangible assets to Retained deficit and $28.7 thousand from Treasury stock to Retained deficit.
iii.Adjustment to reflect the lease adoption under FASB ASC Topic. 842, *Leases* ("Topic 842") to Operating lease right-of-use assets, net of $2.3 million and a $0.6 million increase to the Current portion of long-term operating lease liabilities and $1.7 million increase to the Long-term operating lease liabilities for policy alignment.

B.Consolidated Statement of Income Policy Alignment and Reclassification Adjustments

i.Adjustment to reflect the amortization of intangibles of $58.4 thousand from Depreciation and amortization expense to Selling, general and administrative expenses for policy alignment.
ii.Adjustment to reflect the amortization expense of the lease adoption under Topic 842 with a $0.5 million decrease of Cost of sales comprised of $0.1 million removal (reduction) of rent expense offset by $0.6 million of ROU asset amortization under Topic 842, and net $0.5 million decrease in Selling, general and administrative expenses comprised of $0.7 million removal of rent expense offset by $0.2 million of ROU asset amortization under Topic 842.

4. Preliminary Purchase Price Allocation

The table below represents the preliminary purchase price allocation for Entrepix based on estimates, assumptions, valuations and other analyses as of the Closing Date, that have not been finalized in order to make a definitive allocation. Accordingly, the pro forma adjustments to allocate the merger consideration will remain preliminary until Amtech's management finalizes the fair values of assets acquired and liabilities assumed. The final amounts allocated to assets acquired and liabilities assumed, and therefore, calculation of goodwill, are dependent upon certain valuation and other studies that have not yet been completed, and could differ materially from the amounts presented in the unaudited pro forma combined financial statements.

The total preliminary estimated purchase consideration as shown in the table above is allocated to the tangible and intangible assets and liabilities of Entrepix based on their estimated fair values as if the Acquisition had occurred on September 30, 2022, with any excess purchase consideration allocated to goodwill as follows, in thousands:

Assets acquired:		
Cash and cash equivalents	$	3,753
Accounts receivable - Net		4,909
Inventories		5,368
Other current assets		157
Property, Plant and Equipment - Net		2,051
Right-of-Use Assets - Net		2,325
Intangible Assets - Net		12,800
Goodwill		20,482
Other Assets		31
Total assets acquired		51,876
Liabilities assumed:		
Accounts payable		1,030
Accrued compensation and related taxes		576
Other accrued liabilities		275
Current maturities of finance lease liabilities and long-term debt		198
Current portion of long-term operating lease liabilities		595
Contract liabilities		1,403
Deferred Tax Liabilities		4,519
Income taxes payable		1,033
Finance lease liabilities and long-term debt		1,660
Long-term operating lease liabilities		1,730
Total liabilities assumed		13,019
Net assets acquired	$	38,857

5. Transaction Adjustments

Adjustments in the unaudited pro forma financial information are represented by the following:

A.Closing Consideration

This adjustment records the cash purchase consideration of $38.9 million comprised of payments to former Entrepix stockholders of $34.3 million, payments to settle Entrepix stock options of $51.7 thousand, payments to escrow of $0.5 million, payments to reimburse transaction expenses incurred by Entrepix of $2.3 million, and payoff of Entrepix debt of $1.7 million. The adjustment results in a decrease to cash and cash equivalents of $38.7 million.

B.Property, Plant and Equipment, Net

Balance Sheet Impact

Represents an adjustment to reflect an increase in fair value of acquired property, plant and equipment . This adjustment results in an increase to Property, plant and equipment, net of $1.1 million.

Statement of Operations Impact

Represents a collective $0.2 million decrease in depreciation expense resulting from the fair value adjustment to acquired property, plant and equipment of which $52.4 thousand is recorded in Cost of sales and $0.1 million is recorded in Selling, general and administrative expenses.

C.Intangible Assets, Net

Balance Sheet Impact

Adjustment reflects an increase to Intangible assets of $12.8 million for the acquired identifiable intangible assets consisting of noncompetition agreements, backlog, trade names, developed technology, and customer relationships.

Statement of Operations Impact

Adjustment reflects incremental amortization expense, shown as an increase $0.5 million to Selling, general and administrative expenses and an increase of $3.3 million to Cost of sales.

The following table summarizes the estimated fair values of Entrepix's identifiable intangible assets, the fair values as a percentage of purchase price, their estimated useful lives, and amount of amortization recognized on such identified intangible assets under a straight-line method of amortization for the year ended November 30, 2022, in thousands except percentages and useful lives:

		Fair value	% of Purchase Consideration	Useful life		Amortization for the 12 months ended September 30, 2022
Noncompetition Agreements	$	200	0.5 %	5.0	$	40
Backlog	$	2,100	5.4 %	1.0	$	2,100
Trade Names	$	1,800	4.6 %	10.0	$	180
Developed Technology	$	5,900	15.2 %	5.0	$	1,180
Customer Relationships	$	2,800	7.2 %	10.0	$	280
Total assets acquired	$	12,800	32.9 %		$	3,780

D.Transaction Costs

Balance Sheet Impact

Represents an adjustment to reflect the accrual of additional transaction costs incurred by Amtech and Entrepix after September 30, 2022 and November 30, 2022, respectively, and results in a $2.0 million increase to Other accrued liabilities and a $2.0 million decrease to Retained deficit.

Statement of Operations Impact

Reflects an increase of transaction expenses of $2.0 million related to transaction costs incurred by Amtech and Entrepix that are not included in the historical financial statements of Amtech, resulting in an increase of $2.0 million to Selling, general and administrative expenses.

E.Equity

Adjustment eliminates Entrepix's historical shareholders' equity of $8.9 million.

F.Goodwill

Adjustment shows estimated goodwill of $20.5 million recognized from the Acquisition derived using the fair value estimate of net assets acquired and the purchase price (see Note 4) net of the elimination of historical Entrepix Goodwill of $0.2 million.

G.Earnings Per Share

As there were no shares issued as part of the purchase price, basic and diluted pro forma weighted average shares outstanding are the same as the weighted average shares outstanding for the twelve months ended September 30, 2022. The pro forma net income increased due to the inclusion of both Amtech and Entrepix's net income and adjustments discussed above resulting in an increase in the basic and diluted pro forma earnings per share. The following table reflects the corresponding pro forma adjustments, in thousands, except per share amounts:

	For the 12 months ending September 30, 2022	
Pro forma weighted-average shares outstanding (Basic)		
Historical weighted-average shares outstanding		14,014
Pro forma basic weighted-average shares outstanding		14,014
Pro forma weighted-average shares outstanding (Diluted)		
Historical weighted-average shares outstanding		14,184
Pro forma diluted weighted-average shares outstanding		14,184
Pro forma earnings per share		
Pro forma net income	$	19,861
Pro forma basic earnings per share	$	1.42
Pro forma diluted earnings per share	$	1.40

H.Provision for Income Tax

Balance Sheet Impact

Represents an adjustment to reflect an increase in Deferred tax assets of $4.2 million, a decrease of $0.5 million to Income taxes payable, an increase of $4.5 million to Deferred tax liability, and an offset of $4.4 million increase to Retained deficit arising from the transaction accounting adjustments related to the Acquisition.

Statement of Operations Impact

Amtech acquired $4.9 million of a net deferred tax liability related to Entrepix. The acquisition of this deferred tax liability results in a reduction in Amtech's valuation allowance. In accordance with ASC 805-740-35-3, Amtech's reduction in valuation allowance is recorded as an income tax benefit.

6. Financing Adjustments

Balance Sheet Impact

This adjustment reflects Amtech's receipt of $12.0 million cash in borrowings from the Term Loan with an increase to Current maturities of finance lease liabilities and long-term debt of $2.1 million and increase to Finance lease liabilities and long-term debt of $9.9 million.

Statement of Operations Impact

This adjustment reflects an increase to Interest expense of $0.7 million for the year ended September 30, 2022 related to the Term Loan interest expense and amortization of debt issuance costs.