
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2025

or

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

For the transition period from _____ to _____

Commission file number 000-30941

AXCELIS TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

34-1818596

(IRS Employer
Identification No.)

**108 Cherry Hill Drive
Beverly, Massachusetts 01915**

(Address of principal executive offices, including zip code)

(978) 787-4000

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, \$0.001 par value	ACLS	Nasdaq Global Select Market

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

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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

As of November 3, 2025, there were 30,999,133 shares of the registrant's common stock outstanding.

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PART 1—FINANCIAL INFORMATION

Item 1. Financial Statements.

Axcelis Technologies, Inc.
Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenue:				
Product	\$ 201,218	\$ 246,826	\$ 567,444	\$ 735,626
Services	12,393	9,738	33,274	29,822
Total revenue	<u>213,611</u>	<u>256,564</u>	<u>600,718</u>	<u>765,448</u>
Cost of revenue:				
Product	112,078	136,379	302,041	399,049
Services	12,727	10,215	33,761	27,968
Total cost of revenue	<u>124,805</u>	<u>146,594</u>	<u>335,802</u>	<u>427,017</u>
Gross profit	88,806	109,970	264,916	338,431
Operating expenses:				
Research and development	24,640	26,395	78,832	77,843
Sales and marketing	15,838	16,808	45,965	51,483
General and administrative	23,308	19,854	56,976	52,842
Total operating expenses	<u>63,786</u>	<u>63,057</u>	<u>181,773</u>	<u>182,168</u>
Income from operations	25,020	46,913	83,143	156,263
Other income (expense):				
Interest income	5,465	6,560	16,547	18,126
Interest expense	(1,305)	(1,333)	(4,028)	(4,017)
Other, net	970	3,225	2,569	1,257
Total other income	<u>5,130</u>	<u>8,452</u>	<u>15,088</u>	<u>15,366</u>
Income before income taxes	30,150	55,365	98,231	171,629
Income tax provision	4,164	6,789	12,290	20,593
Net income	<u>\$ 25,986</u>	<u>\$ 48,576</u>	<u>\$ 85,941</u>	<u>\$ 151,036</u>
Net income per share:				
Basic	<u>\$ 0.83</u>	<u>\$ 1.49</u>	<u>\$ 2.70</u>	<u>\$ 4.63</u>
Diluted	<u>\$ 0.83</u>	<u>\$ 1.49</u>	<u>\$ 2.70</u>	<u>\$ 4.61</u>
Shares used in computing net income per share:				
Basic weighted average shares of common stock	<u>31,287</u>	<u>32,550</u>	<u>31,796</u>	<u>32,595</u>
Diluted weighted average shares of common stock	<u>31,450</u>	<u>32,675</u>	<u>31,863</u>	<u>32,780</u>

See accompanying Notes to these Consolidated Financial Statements (Unaudited)

Axcelis Technologies, Inc.
Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	<u>Three months ended</u> <u>September 30,</u>		<u>Nine months ended</u> <u>September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net income	\$ 25,986	\$ 48,576	\$ 85,941	\$ 151,036
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(1,408)	2,257	4,304	(387)
Amortization of actuarial net gain and other adjustments from pension plan, net of tax	—	5	—	15
Unrealized gains on available-for-sale investments	278	—	301	—
Total other comprehensive (loss) income	(1,130)	2,262	4,605	(372)
Comprehensive income	<u>\$ 24,856</u>	<u>\$ 50,838</u>	<u>\$ 90,546</u>	<u>\$ 150,664</u>

See accompanying Notes to these Consolidated Financial Statements (Unaudited)

Axcelis Technologies, Inc.
Consolidated Balance Sheets
(In thousands, except per share amounts)
(Unaudited)

	September 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 187,501	\$ 123,512
Short-term investments	262,059	447,831
Accounts receivable, net	147,636	203,149
Inventories, net	324,342	282,225
Prepaid income taxes	4,687	6,420
Prepaid expenses and other current assets	57,804	60,471
Total current assets	984,029	1,123,608
Property, plant and equipment, net	57,979	53,784
Operating lease assets	29,499	29,621
Finance lease assets, net	14,440	15,346
Long-term restricted cash	7,626	7,552
Deferred income taxes	70,033	68,277
Long-term investments	143,214	—
Other assets	45,120	50,593
Total assets	<u>\$ 1,351,940</u>	<u>\$ 1,348,781</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 52,466	\$ 46,928
Accrued compensation	24,357	25,536
Warranty	9,258	13,022
Deferred revenue	81,486	94,673
Current portion of finance lease obligation	1,505	1,345
Other current liabilities	29,917	26,018
Total current liabilities	198,989	207,522
Long-term finance lease obligation	41,166	42,329
Long-term deferred revenue	47,434	43,501
Other long-term liabilities	44,207	42,639
Total liabilities	331,796	335,991
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Common stock, \$0.001 par value, 75,000 shares authorized; 30,998 shares issued and outstanding at September 30, 2025; 32,365 shares issued and outstanding at December 31, 2024	31	32
Additional paid-in capital	532,951	548,654
Retained earnings	488,771	470,318
Accumulated other comprehensive loss	(1,609)	(6,214)
Total stockholders' equity	1,020,144	1,012,790
Total liabilities and stockholders' equity	<u>\$ 1,351,940</u>	<u>\$ 1,348,781</u>

See accompanying Notes to these Consolidated Financial Statements (Unaudited)

Axcelis Technologies, Inc.
Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2023	<u>32,685</u>	<u>\$ 33</u>	<u>\$ 547,189</u>	<u>\$ 319,506</u>	<u>\$ (1,846)</u>	<u>\$ 864,882</u>
Net income	—	—	—	51,595	—	51,595
Foreign currency translation adjustments	—	—	—	—	(1,731)	(1,731)
Change in pension obligation	—	—	—	—	5	5
Issuance of common stock on restricted stock units, net of shares withheld	42	—	(2,699)	—	—	(2,699)
Stock-based compensation expense	—	—	4,690	—	—	4,690
Repurchase of common stock	(122)	—	(2,201)	(12,798)	—	(14,999)
Balance at March 31, 2024	<u>32,605</u>	<u>\$ 33</u>	<u>\$ 546,979</u>	<u>\$ 358,303</u>	<u>\$ (3,572)</u>	<u>\$ 901,743</u>
Net income	—	—	—	50,866	—	50,866
Foreign currency translation adjustments	—	—	—	—	(913)	(913)
Change in pension obligation	—	—	—	—	5	5
Issuance of stock under Employee Stock Purchase Plan	10	—	1,242	—	—	1,242
Issuance of common stock on restricted stock units, net of shares withheld	143	—	(8,468)	—	—	(8,468)
Stock-based compensation expense	—	—	5,469	—	—	5,469
Repurchase of common stock	(141)	—	(2,545)	(12,451)	—	(14,996)
Balance at June 30, 2024	<u>32,617</u>	<u>\$ 33</u>	<u>\$ 542,677</u>	<u>\$ 396,718</u>	<u>\$ (4,480)</u>	<u>\$ 934,948</u>
Net income	—	—	—	48,576	—	48,576
Foreign currency translation adjustments	—	—	—	—	2,257	2,257
Change in pension obligation	—	—	—	—	5	5
Issuance of common stock on restricted stock units, net of shares withheld	5	—	(241)	—	—	(241)
Stock-based compensation expense	—	—	5,412	—	—	5,412
Repurchase of common stock	(118)	—	(2,498)	(12,865)	—	(15,363)
Balance at September 30, 2024	<u>32,504</u>	<u>\$ 33</u>	<u>\$ 545,350</u>	<u>\$ 432,429</u>	<u>\$ (2,218)</u>	<u>\$ 975,594</u>

See accompanying Notes to these Consolidated Financial Statements (Unaudited)

Axcelis Technologies, Inc.
Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2024	<u>32,365</u>	<u>\$ 32</u>	<u>\$ 548,654</u>	<u>\$ 470,318</u>	<u>\$ (6,214)</u>	<u>\$ 1,012,790</u>
Net income	—	—	—	28,579	—	28,579
Foreign currency translation adjustments	—	—	—	—	646	646
Unrealized gains on available-for-sale investments	—	—	—	—	81	81
Issuance of common stock on restricted stock units, net of shares withheld	38	—	(1,583)	—	—	(1,583)
Stock-based compensation expense	—	—	4,903	—	—	4,903
Repurchase of common stock	(274)	—	(4,954)	(13,224)	—	(18,178)
Balance at March 31, 2025	<u>32,129</u>	<u>\$ 32</u>	<u>\$ 547,020</u>	<u>\$ 485,673</u>	<u>\$ (5,487)</u>	<u>\$ 1,027,238</u>
Net income	—	—	—	31,376	—	31,376
Foreign currency translation adjustments	—	—	—	—	5,066	5,066
Unrealized losses on available-for-sale investments	—	—	—	—	(58)	(58)
Issuance of stock under Employee Stock Purchase Plan	21	—	1,246	—	—	1,246
Issuance of common stock on restricted stock units, net of shares withheld	94	—	(2,569)	—	—	(2,569)
Stock-based compensation expense	—	—	5,421	—	—	5,421
Repurchase of common stock	(826)	(1)	(15,451)	(29,885)	—	(45,337)
Balance at June 30, 2025	<u>31,418</u>	<u>\$ 31</u>	<u>\$ 535,667</u>	<u>\$ 487,164</u>	<u>\$ (479)</u>	<u>\$ 1,022,383</u>
Net income	—	—	—	25,986	—	25,986
Foreign currency translation adjustments	—	—	—	—	(1,408)	(1,408)
Unrealized gains on available-for-sale investments	—	—	—	—	278	278
Issuance of common stock on restricted stock units, net of shares withheld	3	—	(104)	—	—	(104)
Stock-based compensation expense	—	—	5,344	—	—	5,344
Repurchase of common stock	(423)	—	(7,956)	(24,379)	—	(32,335)
Balance at September 30, 2025	<u>30,998</u>	<u>\$ 31</u>	<u>\$ 532,951</u>	<u>\$ 488,771</u>	<u>\$ (1,609)</u>	<u>\$ 1,020,144</u>

See accompanying Notes to these Consolidated Financial Statements (Unaudited)

Axcelis Technologies, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine months ended	
	September 30,	
	2025	2024
Cash flows from operating activities		
Net income	\$ 85,941	\$ 151,036
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,152	11,542
Deferred income taxes	(1,756)	(5,510)
Stock-based compensation expense	15,668	15,571
Provision for doubtful accounts	—	2,984
Provision for excess and obsolete inventory	2,625	4,120
Accretion of discounts and premiums on short-term and long-term investments	(3,335)	(10,167)
Unrealized currency gain on foreign denominated transactions	(2,229)	(3,100)
Mark-to-market adjustment on forward exchange contracts	585	583
Changes in operating assets and liabilities:		
Accounts receivable	58,764	28,774
Inventories	(34,248)	11,299
Prepaid expenses and other current assets	3,323	(8,110)
Accounts payable and other current liabilities	1,365	(2,738)
Deferred revenue	(10,063)	(46,700)
Income taxes	2,180	(14,132)
Other assets and liabilities	(7,100)	(7,414)
Net cash provided by operating activities	<u>124,872</u>	<u>128,038</u>
Cash flows from investing activities		
Expenditures for property, plant and equipment and capitalized software	(8,960)	(7,523)
Purchases of short-term and long-term investments	(506,626)	(433,894)
Maturities and sales of short-term investments	552,820	323,570
Net cash provided by (used in) investing activities	<u>37,234</u>	<u>(117,847)</u>
Cash flows from financing activities		
Net settlement on restricted stock grants	(4,256)	(11,408)
Repurchase of common stock	(95,850)	(45,358)
Proceeds from Employee Stock Purchase Plan purchases	1,246	1,242
Principal payments on finance lease obligation	(1,012)	(1,125)
Net cash used in financing activities	<u>(99,872)</u>	<u>(56,649)</u>
Effect of exchange rate changes on cash and cash equivalents	1,829	(774)
Net increase (decrease) in cash, cash equivalents and restricted cash	64,063	(47,232)
Cash, cash equivalents and restricted cash at beginning of period	131,064	173,951
Cash, cash equivalents and restricted cash at end of period	<u>\$ 195,127</u>	<u>\$ 126,719</u>

See accompanying Notes to these Consolidated Financial Statements (Unaudited)

Axcelis Technologies, Inc.
Notes to Consolidated Financial Statements (Unaudited)

Note 1. Nature of Business

Axcelis Technologies, Inc. (“Axcelis” or the “Company”) was incorporated in Delaware in 1995 and is a producer of ion implantation equipment used in the fabrication of semiconductor chips in the United States, Europe and Asia. In addition, we provide extensive worldwide aftermarket service and support, including spare parts, equipment upgrades, used equipment, and maintenance services to the semiconductor industry.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments which are of a normal recurring nature and considered necessary for a fair presentation of these financial statements have been included. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for other interim periods or for the year as a whole.

The balance sheet at December 31, 2024 has been derived from the audited consolidated financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. As of September 30, 2025, there have been no material changes in the Company’s significant accounting policies, other than as described in Note 2 below. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 (the “2024 Form 10-K”).

Note 2. Significant Accounting Policies

Cash, Cash Equivalents, Short-term Investments, and Long-term Investments

Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of 90 days or less. Cash equivalents consist primarily of money market funds, U.S. government and agency securities and deposit accounts. Cash equivalents are carried on the balance sheet at fair market value. Short-term investments are highly liquid investments, primarily consisting of U.S. government and agency securities, with original maturities of greater than 90 days but less than one year from date of purchase. Long-term investments consist of U.S. government and agency securities with original maturities greater than one year from the date of purchase. Beginning as of March 31, 2025, both our short-term and long-term investments are classified as available-for-sale as a result of the below noted sale of securities. In prior periods, our short-term investments were classified as held-to-maturity. We classify our long-term investments as non-current based on the security’s contractual maturity. We evaluate if any declines in fair value below amortized cost are caused by expected credit losses, as well as our ability and intent to hold the investment until a forecasted recovery occurs. Any unrealized gains and losses are included in accumulated other comprehensive loss in the Consolidated Statement of Stockholders’ Equity. Income related to these securities is recorded in interest income in the Consolidated Statements of Operations. As of September 30, 2025, the amortized cost and fair value of the available-for-sale short-term investments was \$262.0 million and \$262.1 million, respectively. As of September 30, 2025, the amortized cost and fair value of the long-term investments was \$143.0 million and \$143.2 million, respectively. As of September 30, 2025, we had no allowances for credit loss on our investments.

In February 2025, we sold securities classified as held-to-maturity with a total net carrying value of \$199.5 million. The majority of the proceeds were reinvested back into short-term investments during the three months ended March 31, 2025. Due to this sale, the remaining held-to-maturity securities were reclassified as available-for-sale, resulting in a remeasurement increase in short-term investments for balance sheet presentation purposes with a corresponding adjustment to accumulated other comprehensive loss of \$81.0 thousand as of March 31, 2025.

Note 3. Stock-Based Compensation

We maintain the Axcelis Technologies, Inc. 2012 Equity Incentive Plan, as amended (the “2012 Equity Plan”), which became effective on May 2, 2012, and permits the issuance of options, restricted stock, restricted stock units (“RSUs”) and performance awards to selected employees, directors, and consultants of the Company.

The 2012 Equity Plan is more fully described in Note 13 to the consolidated financial statements in our 2024 Form 10-K.

We recognized stock-based compensation expense of \$5.3 million and \$5.4 million for the three-month periods ended September 30, 2025 and 2024, respectively. We recognized stock-based compensation expense of \$15.7 million and \$15.6 million for the nine-month periods ended September 30, 2025 and 2024, respectively. These amounts include compensation expense related to RSUs and stock issued to participants under the 2020 Employee Stock Purchase Plan (the “2020 ESPP”).

In the three-month periods ended September 30, 2025 and 2024, we issued 3,121 and 5,023 shares of common stock, respectively, upon vesting of RSUs granted under the 2012 Equity Plan and purchases under the 2020 ESPP. In both the three-month periods ended September 30, 2025 and 2024, we received no proceeds in connection with purchases under the 2020 ESPP.

In both of the nine-month periods ended September 30, 2025 and 2024, we issued 0.2 million shares of common stock upon vesting of RSUs granted under the 2012 Equity Plan and purchases under the 2020 ESPP. In both the nine-month periods ended September 30, 2025 and 2024, we received proceeds of \$1.2 million in connection with purchases under the 2020 ESPP.

Note 4. Leases

We have operating leases for manufacturing, office space, warehouse space, computer and office equipment and vehicles used in our business operations. We have a finance lease in relation to the 2015 sale-leaseback of our corporate headquarters in Beverly, Massachusetts. We review all agreements to determine if the agreement contains a lease component. An agreement contains a lease component if it provides for the use of a specific physical space or a specific physical item.

We recognize operating lease obligations under Accounting Standards Codification Topic 842, *Leases* (“Topic 842”). The guidance in Topic 842 requires recognition of lease assets and related liabilities on a discounted basis using the explicit or implicit discount rate stated within the agreement. We recognize a corresponding right-of-use asset, which is initially determined based upon the net present value of the associated liability and is adjusted for deferred costs and possible impairment, if any. For those lease agreements that do not indicate the applicable discount rate, we use our incremental borrowing rate. We have made the following policy elections: (i) operating leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets; (ii) we recognize lease expense for operating leases on a straight-line basis over the lease term; and (iii) we account for lease components and non-lease components that are fixed payments as one component. Some of our operating leases include one or more options to renew, with renewal terms that can extend the respective lease term by one to three years. The exercise of lease renewal options is at our sole discretion. For lease extensions that are reasonably certain to occur, we have included the renewal periods in our calculation of the net present value of the lease obligation and related right-of-use asset. Certain leases also include options to purchase the leased property. The depreciable life of certain assets and leasehold improvements is limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. The amounts of operating and finance lease right-of-use assets and related lease obligations recorded within our consolidated balance sheets are as follows:

Leases	Classification	September 30,	December 31,
		2025	2024
Assets		(in thousands)	
Operating leases	Operating lease assets	\$ 29,499	\$ 29,621
Finance lease	Finance lease assets*	14,440	15,346
Total leased assets		<u>\$ 43,939</u>	<u>\$ 44,967</u>
Liabilities			
Current			
Operating	Other current liabilities	\$ 4,761	\$ 4,470
Finance	Current portion of finance lease obligation	1,505	1,345
Non-current			
Operating	Other long-term liabilities	25,221	25,321
Finance	Finance lease obligation	41,166	42,329
Total lease liabilities		<u>\$ 72,653</u>	<u>\$ 73,465</u>

*Finance lease assets are recorded net of accumulated depreciation of \$48.1 million and include \$0.5 million of prepaid financing costs as of September 30, 2025. Finance lease assets are recorded net of accumulated depreciation of \$47.4 million and include \$0.5 million of prepaid financing costs as of December 31, 2024.

Our operating lease office locations support local selling and servicing functions. Our Axcelis Asia Operations Center facility in South Korea is used to manufacture our products for Asia-based customers. We lease a logistics and flex manufacturing center in Beverly, Massachusetts to support our principal product manufacturing operations at our corporate headquarters. Operating lease expense and depreciation and interest expense relating to our finance lease obligation are recognized within our Consolidated Statement of Operations for the three and nine months ended September 30, 2025 and 2024 as follows:

Lease cost	Classification	Three months ended		Nine months ended	
		September 30,		September 30,	
		2025	2024	2025	2024
Operating lease cost		(in thousands)			
Product / services*	Cost of revenue	\$ 1,626	\$ 1,664	\$ 4,907	\$ 5,186
Research and development	Operating expenses	109	127	477	453
Sales and marketing*	Operating expenses	436	463	1,330	1,365
General and administrative*	Operating expenses	249	232	787	763
Total operating lease cost		<u>\$ 2,420</u>	<u>\$ 2,486</u>	<u>\$ 7,501</u>	<u>\$ 7,767</u>
Finance lease cost					
Depreciation of leased assets	Cost of revenue, Research and development, Sales and marketing and General and administrative	\$ 264	\$ 321	\$ 907	\$ 964
Interest on lease liabilities	Interest expense	1,139	1,177	3,443	3,561
Total finance lease cost		<u>\$ 1,403</u>	<u>\$ 1,498</u>	<u>\$ 4,350</u>	<u>\$ 4,525</u>
Total lease cost		<u>\$ 3,823</u>	<u>\$ 3,984</u>	<u>\$ 11,851</u>	<u>\$ 12,292</u>

* Product / services, sales and marketing and general and administrative expense also includes short-term lease and variable lease costs of approximately \$0.4 million and \$1.4 million for the three and nine months ended September 30, 2025, respectively, and includes short-term lease and variable lease costs of approximately \$0.3 million and \$1.6 million for the three and nine months ended September 30, 2024, respectively.

The lease of our corporate headquarters, shown below under finance leases, had an original lease term of 22 years, beginning in January 2015 and expiring in January 2037, with renewal options. All other locations are treated as operating

leases, with lease terms ranging from one to 16 years. The tables below reflect the minimum cash outflow regarding our current lease obligations as well as the weighted-average remaining lease term and weighted-average discount rates used in our calculation of our lease obligations and right-of-use assets as of September 30, 2025:

Maturity of Lease Liabilities	Finance Leases	Operating Leases	Total Leases
	(in thousands)		
2025	\$ 1,475	\$ 1,675	\$ 3,150
2026	6,008	5,972	11,980
2027	6,128	4,130	10,258
2028	6,251	2,941	9,192
2029	6,376	2,640	9,016
Thereafter	48,960	22,871	71,831
Total lease payments	\$ 75,198	\$ 40,229	\$ 115,427
Less interest portion*	(32,527)	(10,247)	(42,774)
Finance lease and operating lease obligations	\$ 42,671	\$ 29,982	\$ 72,653

* Finance lease interest calculated using the implied interest rate; operating lease interest calculated using estimated corporate borrowing rate.

The table above does not include options to renew lease terms that are not reasonably certain of being exercised.

Lease term and discount rate	September 30,
	2025
Weighted-average remaining lease term (years):	
Operating leases	10.5
Finance leases	11.3
Weighted-average discount rate:	
Operating leases	5.3%
Finance leases	10.5%

Our cash outflows from our operating leases include rent expense and other charges associated with these leases. These cash flows are included within the operating activities section of our statement of cash flows. Our cash flows from our finance lease include both an interest component and a principal component. The table below shows our cash outflows by lease type and related section of our statement of cash flows, as well as the non-cash amount capitalized on our balance sheet in relation to our operating lease right-of-use assets for the nine months ended September 30, 2025 and 2024, respectively:

Cash paid for amounts included in the measurement of lease liabilities	Nine months ended September 30,	
	2025	2024
	(in thousands)	
Operating cash outflows from operating leases	\$ 7,501	\$ 7,767
Operating cash outflows from finance leases	3,443	3,561
Financing cash outflows from finance leases	1,012	1,125
Operating lease assets obtained in exchange for operating lease liabilities	3,852	4,063
Finance lease assets obtained in exchange for new finance lease liabilities	—	—

Note 5. Revenue

To reflect the organization of our business operations, we divide revenue into two categories: revenue from sales of new systems and revenue arising from the sale of used systems, parts, and labor to customers who own systems, which we refer to as "Aftermarket."

Revenue by categories used by management are as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	(in thousands)			
Systems	\$ 143,668	\$ 201,037	\$ 414,564	\$ 595,114
Aftermarket	69,943	55,527	186,154	170,334
Total Revenue	<u>\$ 213,611</u>	<u>\$ 256,564</u>	<u>\$ 600,718</u>	<u>\$ 765,448</u>

We also consider revenue by geography. Revenue is allocated to geographic markets based upon the location to which our products are shipped and in which our services are performed. Revenue in our principal geographic markets is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	(in thousands)			
North America	\$ 29,161	\$ 32,950	\$ 103,909	\$ 112,826
Asia Pacific	161,352	202,377	441,405	586,754
Europe	23,098	21,237	55,404	65,868
Total Revenue	<u>\$ 213,611</u>	<u>\$ 256,564</u>	<u>\$ 600,718</u>	<u>\$ 765,448</u>

Our system sales revenue transactions give rise to contract liabilities (in the case of pre-payments and the fair value of goods and services to be delivered after the system delivery, such as installation and certain warranty obligations).

Contract liabilities are as follows:

	September 30,	December 31,
	2025	2024
	(in thousands)	
Contract liabilities	<u>\$ 128,920</u>	<u>\$ 138,174</u>

Contract liabilities are reflected as deferred revenue on the consolidated balance sheets and include payments received in advance of system sales as well as deferral of revenue from systems sales for installation and other future performance obligations. Contract liabilities are recognized as revenue upon the fulfillment of performance obligations.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	(in thousands)			
Balance, beginning of the period	\$ 129,742	\$ 174,011	\$ 138,174	\$ 210,885
Deferral of revenue	27,991	31,544	48,740	69,938
Other adjustments *	—	—	(2,272)	(4,716)
Recognition of deferred revenue	(28,813)	(41,529)	(55,722)	(112,081)
Balance, end of the period	<u>\$ 128,920</u>	<u>\$ 164,026</u>	<u>\$ 128,920</u>	<u>\$ 164,026</u>

* Adjustment to contracts with customers are assessed to determine if amounts paid by customers represent deferred revenue or liabilities payable to customers and such amounts are accordingly reclassified pursuant to our revenue recognition policy and ASC 606.

The majority of our system transactions have either (1) payment terms of 90% due upon shipment of the system and 10% due upon acceptance or (2) a pre-shipment deposit ranging from 20% to 60%, with the remainder due upon shipment, less 10% due at acceptance. Aftermarket transaction payment terms typically provide that payment is due either within 30 or 60 days after the service is provided or parts delivered.

Note 6. Receivables and Allowances for Credit Losses

All trade receivables are reported on the consolidated balance sheets at their amortized cost adjusted for any write-offs and net of allowances for credit losses.

We maintain an allowance for credit losses, which represents an estimate of expected losses over the remaining contractual life of our receivables, considering current market conditions and estimates for supportable forecasts when appropriate. The estimate is a result of our ongoing assessments and evaluations of collectability, historical loss experience, and future expectations in estimating credit losses in our receivable portfolio. We use historical loss experience rates and apply them to a related aging analysis while also considering customer and/or economic risk where appropriate. Determination of the proper amount of allowances requires management to exercise judgment about the timing, frequency and severity of credit losses that could materially affect the provision for credit losses and, as a result, net earnings. The allowance takes into consideration numerous quantitative and qualitative factors that include receivable type, historical loss experience, loss migration, delinquency trends, collection experience, current economic conditions, trade restrictions, estimates for supportable forecasts, when appropriate, and credit risk characteristics.

We evaluate the credit risk of the customer when extending credit based on a combination of financial and qualitative factors that may affect our customers' ability to pay. These factors may include the customer's financial condition, past payment experience, and credit bureau report, as well as the value of the underlying collateral.

Management performs detailed reviews of our receivables on a quarterly basis to assess the adequacy of the allowances and to determine if any impairment has occurred. Amounts determined to be uncollectable are charged directly against the allowances, while amounts recovered on previously written-off accounts increase the allowances. Changes to the allowances for credit losses are maintained through adjustments to the provision for credit losses, which are charged to current period earnings. We did not have any allowance or incur any credit losses or recoveries for the three and nine month periods ended September 30, 2025. We recorded \$3.4 million of bad debt expense for the three-month period ended September 30, 2024 associated with a European customer that filed for bankruptcy. We recorded \$0.5 million of recovery of bad debt expense and \$3.4 million of bad debt expense for the nine-month period ended September 30, 2024. As of both September 30, 2025 and September 30, 2024, we had no provision for credit losses.

Note 7. Computation of Net Earnings per Share

Basic earnings per share is computed by dividing income available to common stockholders (the numerator) by the weighted-average number of shares of common stock outstanding (the denominator) for the period. The computation of diluted earnings per share is similar to basic earnings per share, except that the denominator is increased by the number of additional shares of common stock that would have been outstanding if the potentially dilutive shares of common stock issuable on vesting of RSUs had been issued, calculated using the treasury stock method.

The components of net earnings per share are as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	(in thousands, except per share amounts)			
Net income available to common stockholders	\$ 25,986	\$ 48,576	\$ 85,941	\$ 151,036
Weighted average shares of common stock outstanding used in computing basic income per share	31,287	32,550	31,796	32,595
Incremental RSUs	163	125	67	185
Weighted average shares of common stock used in computing diluted net income per share	31,450	32,675	31,863	32,780
Net income per share				
Basic	\$ 0.83	\$ 1.49	\$ 2.70	\$ 4.63
Diluted	\$ 0.83	\$ 1.49	\$ 2.70	\$ 4.61

Diluted weighted average shares of common stock outstanding does not include 187,726 and 109,266 common equivalent shares issuable with respect to outstanding equity awards for the three-month periods ended September 30, 2025 and 2024, respectively, or 268,357 and 21,477 common equivalent shares issuable with respect to outstanding equity awards for the nine-month periods ended September 30, 2025 and 2024, respectively, as their effect would have been anti-dilutive.

Note 8. Accumulated Other Comprehensive Loss

The following table presents the changes in accumulated other comprehensive loss, by component, for the nine months ended September 30, 2025:

	Foreign currency	Defined benefit pension plan	Unrealized gains on available-for-sale investments	Total
	(in thousands)			
Balance at December 31, 2024	\$ (6,253)	\$ 39	\$ —	\$ (6,214)
Other comprehensive income and reclassifications	4,304	—	301	4,605
Balance at September 30, 2025	<u>\$ (1,949)</u>	<u>\$ 39</u>	<u>\$ 301</u>	<u>\$ (1,609)</u>

Note 9. Cash, cash equivalents and restricted cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets to the total of the amounts shown in the statement of cash flows:

	September 30, 2025	December 31, 2024
	(in thousands)	
Cash and cash equivalents	\$ 187,501	\$ 123,512
Long-term restricted cash	7,626	7,552
Total cash, cash equivalents and restricted cash	<u>\$ 195,127</u>	<u>\$ 131,064</u>

As of September 30, 2025, we had \$7.6 million in restricted cash representing the total of (i) a \$5.9 million cash collateralized letter of credit serving as a security deposit for our headquarters lease in Beverly, Massachusetts, (ii) a \$0.9 million letter of credit for customs purposes, (iii) a \$0.7 million cash collateralized letter of credit relating to workers' compensation insurance and (iv) a \$0.1 million deposit relating to customs activity. See Note 13 for further discussion on the \$5.9 million cash collateralized letter of credit.

Note 10. Inventories, net

The components of inventories are as follows:

	September 30, 2025	December 31, 2024
	(in thousands)	
Raw materials	\$ 250,546	\$ 227,141
Work in process	58,197	34,490
Finished goods (completed systems)	15,599	20,594
Inventories, net	<u>\$ 324,342</u>	<u>\$ 282,225</u>

When recorded, inventory reserves reduce the carrying value of inventories to their net realizable value. We establish inventory reserves when conditions exist that indicate inventory may be in excess of anticipated demand or is obsolete based upon assumptions about future demand for our products or market conditions. We regularly evaluate the ability to realize the value of inventories based on a combination of factors including the following: forecasted sales or usage, estimated product end of life dates, estimated current and future market value and new product introductions. Purchasing and usage alternatives are also explored to mitigate inventory exposure.

Note 11. Product Warranty

We generally offer a one-year warranty for all of our systems, the terms and conditions of which vary depending upon the product sold. For all systems sold, we accrue a liability for the estimated cost of standard warranty at the time of system shipment and, if applicable, defer the portion of systems revenue attributable to non-standard warranty. Costs for non-standard warranty are expensed as incurred. Factors that affect our warranty liability include the number of installed units, historical and anticipated product failure rates, material usage and service labor costs. We periodically assess the adequacy of our recorded liability and adjust the amount as necessary.

The changes in our standard product warranty liability are as follows:

	Nine months ended	
	September 30,	
	2025	2024
	(in thousands)	
Balance at January 1 (beginning of year)	\$ 15,183	\$ 16,757
Warranties issued during the period	6,498	9,004
Settlements made during the period	(9,632)	(9,313)
Changes in estimate of liability for pre-existing warranties during the period	(712)	(48)
Balance at September 30 (end of period)	<u>\$ 11,337</u>	<u>\$ 16,400</u>
Amount classified as current	\$ 9,258	\$ 14,547
Amount classified as long-term (within other long-term liabilities)	2,079	1,853
Total warranty liability	<u>\$ 11,337</u>	<u>\$ 16,400</u>

Note 12. Fair Value Measurements

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

(a) Fair Value Hierarchy

The accounting guidance for fair value measurement requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 - applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

(b) Fair Value Measurements

Our money market funds and short-term investments with initial maturities of three months or less are included in cash and cash equivalents in the consolidated balance sheets. Other investments that have a maturity of greater than three months but less than one year are included within short-term investments in the consolidated balance sheets. Investments that have a maturity of greater than one year are included within long-term investments in the consolidated balance sheets.

The following tables set forth our assets which are measured at fair value by level within the fair value hierarchy:

	September 30, 2025			
	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
(in thousands)				
Assets				
Cash equivalents and other short-term investments:				
Cash equivalents (money market funds, U.S. Government Securities and Agency Investments)	\$ 150,229	\$ —	\$ —	\$ 150,229
Short-term investments (U.S. Government Securities and Agency Investments)	262,059	—	—	262,059
Mark-to-market adjustment on forward exchange contracts	—	(585)	—	(585)
Long-term investments (U.S. Government Securities and Agency Investments)	143,214	—	—	143,214
Total	\$ 555,502	\$ (585)	\$ —	\$ 554,917

	December 31, 2024			
	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
(in thousands)				
Assets				
Cash equivalents and other short-term investments:				
Cash equivalents (money market funds, U.S. Government Securities and Agency Investments)	\$ 81,320	\$ —	\$ —	\$ 81,320
Short-term investments (U.S. Government Securities and Agency Investments)	448,296	—	—	448,296
Mark-to-market adjustment on forward exchange contracts	—	267	—	267
Total	\$ 529,616	\$ 267	\$ —	\$ 529,883

The following table summarizes the contractual maturities of our cash equivalents and investments as of September 30, 2025:

	Amortized Cost		Fair Value	
	(in thousands)			
Due within one year	\$	412,217	\$	412,288
Due after one year through two years		142,983		143,214
Total	\$	555,200	\$	555,502

(c) Other Financial Instruments

The carrying amounts reflected in the consolidated balance sheets for accounts receivable, prepaid expenses, forward currency exchange contracts and other current assets and non-current assets, restricted cash, accounts payable and accrued expenses approximate fair value due to their short-term maturities.

(d) Forward Currency Exchange Contracts

We enter into forward currency exchange contracts to minimize the impact of foreign currency fluctuations on our earnings and cash flows. These contracts have month-to-month settlement dates. Any gains or losses on these contracts are reported within Other, net in our Consolidated Statement of Operations. Any open contracts at period end that have settlement dates within one month after the reported period end are marked-to-market and the valuation adjustments related to these open contracts are recorded in the current asset or current liability account. Any unrealized gain or loss on the open contracts is recognized and recorded within Other, net in our Consolidated Statement of Operations. These contracts are measured at fair value using observable market inputs such as forward currency exchange rates and our counterparties' credit risks. Based on these inputs, the derivative instruments are classified within Level 2 of the valuation hierarchy. At September 30, 2025, the recognized unrealized loss on these forward exchange contracts was approximately \$0.6 million.

Based on our continued ability to trade and enter into forward contracts, we consider the markets for our fair value instruments to be active. We evaluated the credit risk associated with the counterparties to these derivative instruments and determined that as of September 30, 2025, such credit risks have not had an adverse impact on the fair value of these instruments.

Note 13. Financing Arrangements

On January 30, 2015, we sold our corporate headquarters facility in Beverly, Massachusetts for \$48.9 million. As part of the sale, we also entered into a 22-year lease agreement of our headquarters facility. This sale-leaseback is accounted for as a finance lease under generally accepted accounting principles and, as such, we have recorded a finance lease obligation of \$42.7 million as of September 30, 2025. The associated lease payments include both an interest component and payment of principal, with the remaining liability being extinguished at the end of the original lease term. As of September 30, 2025, we had a security deposit of \$5.9 million related to this lease in the form of a cash collateralized letter of credit, which is classified as long-term restricted cash on our balance sheet at September 30, 2025.

Note 14. Income Taxes

Income tax expense was \$4.2 million for the three months ended September 30, 2025, compared to \$6.8 million for the three months ended September 30, 2024. The \$2.6 million decrease was primarily due to the decrease in pre-tax book income. The reported effective tax rate ("ETR") for the three months ended September 30, 2025 was 13.8% compared to 12.3% for the three months ended September 30, 2024. The ETR increase was primarily due to the impact of the One Big Beautiful Bill Act ("OBBBA"). The ETR for the nine months ended September 30, 2025 was less than the U.S. statutory rate of 21% primarily attributable to Foreign Derived Intangible Income deduction and Federal research and development tax credits.

On July 4, 2025, legislation known as the One Big Beautiful Bill Act was signed into law. The OBBBA makes significant changes to certain U.S. corporate tax provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act. The legislation has multiple effective dates, with certain provisions becoming effective in 2025 and others scheduled to be implemented through 2027. The impacts of the portions of the OBBBA are reflected in our results for the quarter ended September 30, 2025. We will continue to evaluate the full impact of these legislative changes as additional guidance becomes available.

Note 15. Concentration of Risk

For both the three months ended September 30, 2025 and 2024, one customer accounted for 11.9% of total revenue.

For the nine months ended September 30, 2025, one customer accounted for 10.6% of total revenue. For the nine months ended September 30, 2024, no individual customer accounted for greater than ten percent of total revenue.

At September 30, 2025, two customers accounted for 12.7% and 10.2% of accounts receivable, respectively. At December 31, 2024, one customer accounted for 10.0% of accounts receivable.

Note 16. Share Repurchase

In March 2025, our Board of Directors approved an additional funding of \$100million for our stock repurchase program. This approval brings the current outstanding repurchase authorization to \$215 million, with \$135 million available for future stock repurchases as of September 30, 2025. During the nine months ended September 30, 2025, we repurchased 1.5 million shares of common stock at an average cost of \$62.33 per share. The timing and actual number of any additional shares to be repurchased under this program will depend on various factors including price, corporate and regulatory requirements, alternative investment opportunities and other market conditions.

Repurchased shares are accounted for when the transaction is settled and returned to the status of authorized but unissued shares. Accordingly, on our balance sheet, the repurchase price is deducted from common stock par value and from additional paid-in capital for the excess over par value. If additional paid-in capital has been exhausted, the excess

over par value is deducted from retained earnings. Direct costs incurred to acquire the shares are included in the total cost of the shares.

Note 17. Contingencies

(a) Litigation

We are from time to time a party to litigation that arises in the normal course of our business operations. We are not presently a party to any litigation that we believe might have a material adverse effect on our business operations.

(b) Indemnifications

Our system sales agreements typically include provisions under which we agree to take certain actions, provide certain remedies and defend our customers against third-party claims of intellectual property infringement under specified conditions and indemnify customers against any damage and costs awarded in connection with such claims. We have not incurred any material costs as a result of such indemnifications and have not accrued any liabilities related to such obligations in the accompanying consolidated financial statements.

Note 18. Business Segment

The Company operates as one operating segment. The Company’s chief operating decision maker (“CODM”) is our chief executive officer, who assesses financial performance for the Company and decides how to allocate resources based on consolidated net income. Segment asset information is provided to the CODM but it is not used to allocate resources.

The following table presents selected financial information with respect to the Company’s single operating segment for the three and nine months ended September 30, 2025 and 2024:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	(in thousands)			
Revenue:	\$ 213,611	\$ 256,564	\$ 600,718	\$ 765,448
Less:				
Cost of revenue	124,805	146,594	335,802	427,017
Research and development	24,640	26,395	78,832	77,843
Sales and marketing	15,838	16,808	45,965	51,483
General and administrative	23,308	19,854	56,976	52,842
Total other income	5,130	8,452	15,088	15,366
Income tax provision	4,164	6,789	12,290	20,593
Segment Net Income	25,986	48,576	85,941	151,036
<i>Reconciliation of profit or loss Adjustments and reconciling items</i>				
	-	-	-	-
Net income	\$ 25,986	\$ 48,576	\$ 85,941	\$ 151,036

The above table includes depreciation expense and amortization expense of \$4.3 million and \$13.2 million for the three and nine month periods ended September 30, 2025, respectively, and \$3.9 million and \$11.5 million for the three and nine month periods ended September 30, 2024, respectively.

Note 19. Recent Accounting Guidance

In December 2023 the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”). ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. ASU 2023-09 addresses investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. Early adoption is permitted. A public entity should apply ASU 2023-09 prospectively to all annual periods

beginning after December 15, 2024. We are currently evaluating the impact of ASU 2023-09 on our future consolidated financial statements and related disclosures.

In November 2024, the FASB issued Accounting Standards Update 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”). ASU 2024-03 is intended to enhance the disclosures for expenses for all public entities in accordance with ASC Topic 220, *Income Statement—Reporting Comprehensive Income*. ASU 2024-03 addresses investor requests for more detailed information about expenses, specifically cost of sales and selling, general, and administrative expenses. ASU 2024-03 requires a public entity to disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil- and gas-producing activities (or other amounts of depletion expense) included in each relevant expense caption presented on the face of the income statement as well as a qualitative description of the amounts remaining in the relevant expense captions that are not separately disaggregated quantitatively. ASU 2024-03 also requires a public entity to disclose the total amount of selling expenses and the entity’s definition of selling expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. A public entity should apply ASU 2024-03 either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact of ASU 2024-03 on its future consolidated financial statements and related disclosures.

In September 2025, the FASB issued Accounting Standards Update 2025-06, *ASU No. 2025-06, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. The ASU requires companies to start capitalizing eligible software costs when management has authorized and committed to funding the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. The guidance is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted and may be applied using a prospective, retrospective or modified transition approach. The Company is currently evaluating the impact of ASU 2025-06 on its future consolidated financial statements and related disclosures.

In September 2025, the FASB issued *ASU No. 2025-07, Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606) – Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*. The ASU 2025-07 applies to all entities that enter into non-exchange-traded contracts with underlyings based on operations or activities specific to one of the parties to the contract. The new guidance excludes from derivative accounting non-exchange-traded contracts with underlyings that are based on operations or activities specific to one of the parties to the contract. ASU 2025-07 is effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2025-07 on its future consolidated financial statements and related disclosures.

Note 20. Merger

On September 30, 2025, the Company, Victory Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company (“Merger Sub”), and Veeco Instruments Inc., a Delaware corporation (“Veeco”), entered into an Agreement and Plan of Merger (the “Merger Agreement”). Pursuant to the Merger Agreement, and subject to the satisfaction or waiver of the conditions specified therein, Merger Sub shall be merged with and into Veeco (the “Merger”), with Veeco surviving as a wholly-owned subsidiary of the Company. The Merger is subject to certain customary closing conditions, including the approval by the stockholders of each company and various regulatory approvals. Subject to the satisfaction or (to the extent permissible) waiver of such conditions, the Merger is currently expected to close in the second half of 2026.

At the effective time of the Merger (the “Effective Time”), each share of common stock, par value \$0.01 per share, of Veeco (“Veeco Common Stock”), issued and outstanding immediately prior to the Effective Time (other than shares that are owned by the Company, Veeco or Merger Sub or any wholly owned subsidiary of the Company, Veeco or Merger Sub) will be converted into the right to receive 0.3575 (the “Exchange Ratio”) newly issued shares of Company common stock (the “Company Common Stock”) (the “Common Stock Merger Consideration”). No fractional shares of the Company will

be issued in the Merger, and Veeco stockholders will receive cash in lieu of fractional shares as part of the merger consideration (the “Fractional Shares Cash Amount”, and the Fractional Shares Cash Amount together with the Common Stock Merger Consideration will be referred to as the “Merger Consideration”), as specified in the Merger Agreement.

The Merger Agreement may be terminated upon the mutual written consent of Axcelis and Veeco. In addition, either Axcelis or Veeco may terminate the Merger Agreement in certain circumstances, including if (a) certain governmental entities have issued a final and non-appealable governmental order or enacted a law prohibiting the Merger or making the closing of the Merger illegal, (b) the Merger is not consummated by September 30, 2026, subject to successive automatic extensions until as late as June 30, 2027 if the only remaining conditions to be satisfied are regulatory approvals, (c) the Axcelis stockholders fail to approve the Axcelis Stock Issuance, (d) the Veeco stockholders fail to adopt the Merger Agreement, (e) the other party is in breach of the Merger Agreement in a manner that would result in a failure of an applicable closing condition (subject to the applicable cure period set forth in the Merger Agreement) or (f) the other party’s board of directors has changed its recommendation with respect to the Merger.

If the Merger Agreement is terminated by a party following a recommendation change of the board of directors of the other party, the non-terminating party will be required to pay the other party the following termination fee: (i) if the non-terminating party is Axcelis, a termination fee of \$108.7 million; and (ii) if the non-terminating party is Veeco, a termination fee of \$77.5 million. Each party may also be required to pay such termination fee if such party enters into a competing proposal within twelve months of termination of the Merger Agreement under certain circumstances. In addition, if the Merger Agreement is terminated by a party as a result of the other party’s failure to obtain stockholder approval, or is terminated by a party due to the other party’s breach of the Merger Agreement that would result in a failure of an applicable closing condition (subject to the applicable cure period set forth in the Merger Agreement), then the non-terminating party will be required to pay a fixed expense reimbursement amount of \$15.0 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements within "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements that involve risks and uncertainties, including relating to obtaining applicable regulatory and stockholder approvals, satisfying other closing conditions to the proposed transaction, the expected tax treatment of the proposed transaction, the expected timing of the proposed transaction and the integration of the businesses and the expected benefits, cost savings, accretion, synergies and growth to result therefrom. Words such as may, will, should, would, anticipates, expects, intends, plans, believes, seeks, estimates and similar expressions identify such forward-looking statements. The forward-looking statements contained herein are based on current expectations and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements. Factors that might cause such a difference include, among other things, failure to obtain applicable regulatory or stockholder approvals in a timely manner or otherwise; failure to satisfy other closing conditions to the proposed transaction or to complete the proposed transaction on anticipated terms and timing; negative effects of the announcement of the proposed transaction; risks that the businesses will not be integrated successfully or that the combined company will not realize expected benefits, cost savings, accretion, synergies and/or growth, or that such benefits may take longer to realize or may be more costly to achieve than expected; the risk that disruptions from the proposed transaction will harm business plans and operations; risks relating to unanticipated costs of integration; significant transaction and/or integration costs, or difficulties in connection with the proposed transaction and/or unknown or inestimable liabilities; restrictions during the pendency of the proposed transaction that may impact the ability to pursue certain business opportunities or strategic transactions; potential litigation associated with the proposed transaction; the potential impact of the announcement or consummation of the proposed transaction on the Company's, Veeco's or the combined company's relationships with suppliers, customers, employees and regulators; and demand for the combined company's products. Actual results may differ materially from those projected in such statements due to various factors, including but not limited to: economic, political and social conditions in the countries in which the Company and Veeco, their respective customers and suppliers operate; disruption to the Company's and Veeco's respective manufacturing facilities or other operations, or the operations of Company's and Veeco's respective customers and suppliers, due to natural catastrophic events, health epidemics or terrorism; ongoing changes in the technology industry, and the semiconductor industry in particular, including future growth rates, pricing trends in end-markets, or changes in customer capital spending patterns; the Company's, Veeco's and the combined company's ability to timely develop new technologies and products that successfully anticipate or address changes in the semiconductor industry; the Company's, Veeco's and the combined company's ability to maintain their respective technology advantage and protect their respective proprietary rights; the Company's, Veeco's and the combined company's ability to compete with new products introduced by their respective competitors; the Company's, Veeco's and the combined company's ability or the ability of their respective customers to obtain U.S. export control licenses for the sale of certain products or provision of certain services to customers in China, those set forth under "Liquidity and Capital Resources" below and under "Risk Factors" in Part I, Item 1A to our [2024 Form 10-K](#), which discussion is incorporated herein by reference. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. We assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting forward-looking statements, except as may be required by law.

Overview

We are primarily a producer of ion implantation equipment used in the fabrication of semiconductor chips in the United States, Europe, and Asia. In addition, we provide extensive worldwide aftermarket service and support, including spare parts, equipment upgrades and maintenance services to the semiconductor industry. Our product development and manufacturing activities currently occur primarily in the United States and South Korea. Our equipment and service products are highly technical and are sold through a direct sales force in the United States, Europe, and Asia. Consolidation and partnering within the semiconductor manufacturing industry has resulted in a small number of customers representing a substantial portion of our business. Our ten largest customers accounted for 53.7% of total revenue for the nine months ended September 30, 2025.

Sales of our systems in the first nine months of 2025 were down compared to the same period in the prior year, as customers have moderated the pace of investments into mature process node technologies. The overall mature process segment represented 93% of our shipped systems revenue, with 1% of shipments to advanced logic and 6% of shipments to

dynamic random-access memory (“DRAM”) applications. Of the mature process segment, power device shipments comprised 55% of total systems revenue with the general mature segment representing 38%, which includes image sensor applications.

For the nine months ended September 30, 2025, the geopolitical environment surrounding trade and tariffs did not have a meaningful impact on our financial results. It is difficult to predict the exact timing and magnitude of the tariffs, the duration for which the tariffs will be in place, and the impact the tariffs will have on our customers and suppliers. We continue to develop plans to reduce the potential impact of these tariffs by leveraging our global supply chain and manufacturing footprint.

The U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”) issued an interim final rule (the “Affiliates Rule”), effective September 29, 2025. We continue to evaluate this rule and its potential impact on our business, but based on our preliminary review, we currently do not anticipate it to have a material impact to our China-based revenues.

On September 30, 2025, the Company, Victory Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company (“Merger Sub”), and Veeco Instruments Inc., a Delaware corporation (“Veeco”), entered into an Agreement and Plan of Merger (the “Merger Agreement”). Pursuant to the Merger Agreement, and subject to the satisfaction or waiver of the conditions specified therein, Merger Sub shall be merged with and into Veeco (the “Merger”), with Veeco surviving as a wholly-owned subsidiary of the Company.

Critical Accounting Estimates

Management’s discussion and analysis of our financial condition and results of operations included herein and in our 2024 Form 10-K are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and assumptions. Management’s estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management has not identified any need to make any material change in, and has not changed, any of our critical accounting estimates and judgments as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2024 Form 10-K.

Results of Operations

The following table sets forth our results of operations as a percentage of total revenue:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenue:				
Product	94.2 %	96.2 %	94.5 %	96.1 %
Services	5.8	3.8	5.5	3.9
Total revenue	100.0	100.0	100.0	100.0
Cost of revenue:				
Product	52.5	53.2	50.3	52.1
Services	6.0	4.0	5.6	3.7
Total cost of revenue	58.5	57.2	55.9	55.8
Gross profit	41.5	42.8	44.1	44.2
Operating expenses:				
Research and development	11.5	10.3	13.1	10.2
Sales and marketing	7.4	6.6	7.7	6.7
General and administrative	10.9	7.7	9.5	6.9
Total operating expenses	29.8	24.6	30.3	23.8
Income from operations	11.7	18.2	13.8	20.4
Other income (expense):				
Interest income	2.6	2.6	2.8	2.4
Interest expense	(0.6)	(0.5)	(0.7)	(0.5)
Other, net	0.5	1.3	0.4	0.2
Total other income	2.5	3.4	2.5	2.1
Income before income taxes	14.2	21.6	16.3	22.5
Income tax provision	1.9	2.6	2.0	2.7
Net income	12.3 %	19.0 %	14.3 %	19.8 %

Revenue

The following table sets forth our product and services revenue:

	Three months ended September 30,		Period-to-Period Change		Nine months ended September 30,		Period-to-Period Change	
	2025	2024	\$	%	2025	2024	\$	%
(dollars in thousands)								
Revenue:								
Product	\$ 201,218	\$ 246,826	\$ (45,608)	(18.5)%	\$ 567,444	\$ 735,626	\$ (168,182)	(22.9)%
Percentage of revenue	94.2 %	96.2 %			94.5 %	96.1 %		
Services	12,393	9,738	2,655	27.3 %	33,274	29,822	3,452	11.6 %
Percentage of revenue	5.8 %	3.8 %			5.5 %	3.9 %		
Total revenue	<u>\$ 213,611</u>	<u>\$ 256,564</u>	<u>\$ (42,953)</u>	<u>(16.7)%</u>	<u>\$ 600,718</u>	<u>\$ 765,448</u>	<u>\$ (164,730)</u>	<u>(21.5)%</u>

Three months ended September 30, 2025 Compared with Three months ended September 30, 2024

Product

Product revenue, which includes systems sales, sales of spare parts, product upgrades and used systems, was \$201.2 million, or 94.2% of revenue, during the three months ended September 30, 2025, compared with \$246.8 million, or 96.2% of revenue, for the three months ended September 30, 2024. The \$45.6 million decrease in product revenue for the

three-month period ended September 30, 2025, in comparison to the same period in 2024, was primarily driven by a decrease in system sales.

Deferred revenue includes payments received in advance of system sales as well as deferral of revenue from systems sales for installation and other future performance obligations. The total amount of deferred revenue at September 30, 2025 and December 31, 2024 was \$128.9 million and \$138.2 million, respectively.

Services

Services revenue, which includes the labor component of maintenance and service contracts and fees for service hours provided by on-site service personnel, was \$12.4 million, or 5.8% of revenue, for the three months ended September 30, 2025, compared with \$9.7 million, or 3.8% of revenue, for the three months ended September 30, 2024. Although services revenue typically increases with the expansion of the installed base of systems, it can fluctuate from period to period based on capacity utilization at customers' manufacturing facilities, which affects the need for equipment service.

Nine months ended September 30, 2025 Compared with Nine months ended September 30, 2024

Product

Product revenue was \$567.4 million, or 94.5% of revenue, during the nine months ended September 30, 2025, compared with \$735.6 million, or 96.1% of revenue, for the nine months ended September 30, 2024. The \$168.2 million decrease in product revenue for the nine-month period ended September 30, 2025, in comparison to the same period in 2024, was primarily driven by a decrease in system sales.

Services

Services revenue was \$33.3 million, or 5.5% of revenue, for the nine months ended September 30, 2025, compared with \$29.8 million, or 3.9% of revenue, for the nine months ended September 30, 2024.

Revenue Categories used by Management

In addition to the line item revenue categories discussed above, management also regularly disaggregates revenue in the following categories, which it finds relevant and useful:

- Systems and Aftermarket revenues, in which "Aftermarket" is:
 - A. The portion of Product revenue relating to spare parts, product upgrades and used equipment, combined with
 - B. Services revenue, which is the labor component of Aftermarket revenues;

(Aftermarket purchases reflect current fab utilization as opposed to Systems purchases which reflect capital investment decisions by our customers, which have differing economic drivers);

- Revenue by geographic regions, since economic factors impacting customer purchasing decisions may vary by geographic region; and
- Revenue by our customer market segments, since they can be subject to different economic drivers at different periods of time, impacting a customer's likelihood of purchasing capital equipment during any particular period. Currently, management references three customer market segments: memory, mature process technology and advanced logic.

Aftermarket and Systems Revenue

Three months ended September 30, 2025 Compared with Three months ended September 30, 2024

Included in total revenue of \$213.6 million during the three months ended September 30, 2025 is revenue from our Aftermarket business of \$69.9 million, compared with \$55.5 million of Aftermarket revenue for the three months ended September 30, 2024. Aftermarket revenue fluctuates from period to period based on capacity utilization at customers' manufacturing facilities, which affects the sale of spare parts and demand for equipment service. Aftermarket revenue can also fluctuate from period to period based on the demand for system upgrades or used equipment. The remaining \$143.7 million of revenue for the three months ended September 30, 2025 was systems revenue, compared with \$201.1 million of systems revenue for the three months ended September 30, 2024. Systems revenue fluctuates from period to period based on our customers' capital spending.

Nine months ended September 30, 2025 Compared with Nine months ended September 30, 2024

Included in total revenue of \$600.7 million during the nine months ended September 30, 2025 is revenue from our Aftermarket business of \$186.2 million, compared with \$170.3 million of Aftermarket revenue for the nine months ended September 30, 2024. The remaining \$414.5 million of revenue for the nine months ended September 30, 2025 was systems revenue, compared with \$595.1 million of systems revenue for the nine months ended September 30, 2024.

Gross Profit / Gross Margin

The following table sets forth our gross profit / gross margin:

	Three months ended September 30,		Period-to-Period Change		Nine months ended September 30,		Period-to-Period Change	
	2025	2024	\$	%	2025	2024	\$	%
(dollars in thousands)								
Gross Profit:								
Product	\$ 89,140	\$ 110,447	\$ (21,307)	(19.3)%	\$ 265,403	\$ 336,577	\$ (71,174)	(21.1)%
Product gross margin	44.3 %	44.7 %			46.8 %	45.8 %		
Services	(334)	(477)	143	(30.0)%	(487)	1,854	(2,341)	(126.3)%
Services gross margin	(2.7)%	(4.9)%			(1.5)%	6.2 %		
Total gross profit	<u>\$ 88,806</u>	<u>\$ 109,970</u>	<u>\$ (21,164)</u>	(19.2)%	<u>\$ 264,916</u>	<u>\$ 338,431</u>	<u>\$ (73,515)</u>	(21.7)%
Gross margin	41.5 %	42.8 %			44.1 %	44.2 %		

Three months ended September 30, 2025 Compared with Three months ended September 30, 2024

Product

Gross margin from product revenue was 44.3% for the three months ended September 30, 2025, compared to 44.7% for the three months ended September 30, 2024. The slight decrease in gross margin resulted from a less favorable mix of system shipments.

Services

Gross margin from services revenue was (2.7)% for the three months ended September 30, 2025, compared to (4.9)% for the three months ended September 30, 2024. The increase in gross margin is attributable to changes in the mix of service contracts and fluctuations of service expenses. Occasionally, we experience negative gross margin on service revenue as contract costs can vary significantly from one period to another based on customer demand.

Nine months ended September 30, 2025 Compared with Nine months ended September 30, 2024

Product

Gross margin from product revenue was 46.8% for the nine months ended September 30, 2025, compared to 45.8% for the nine months ended September 30, 2024. The increase in gross margin resulted from a favorable mix of system shipments and an increased mix of parts and upgrades with higher margins.

Services

Gross margin from services revenue was (1.5)% for the nine months ended September 30, 2025, compared to 6.2% for the nine months ended September 30, 2024. The decrease in gross margin is attributable to changes in the mix of service contracts and fluctuations of service expenses. Occasionally, we experience negative gross margin on service revenue as contract costs can vary significantly from one period to another based on customer demand.

Operating Expenses

The following table sets forth our operating expenses:

	Three months ended September 30,		Period-to-Period Change		Nine months ended September 30,		Period-to-Period Change	
	2025	2024	\$	%	2025	2024	\$	%
	(dollars in thousands)							
Research and development	\$ 24,640	\$ 26,395	\$ (1,755)	(6.6)%	\$ 78,832	\$ 77,843	\$ 989	1.3 %
Percentage of revenue	11.5 %	10.3 %			13.1 %	10.2 %		
Sales and marketing	15,838	16,808	(970)	(5.8)%	45,965	51,483	(5,518)	(10.7)%
Percentage of revenue	7.4 %	6.6 %			7.7 %	6.7 %		
General and administrative	23,308	19,854	3,454	17.4 %	56,976	52,842	4,134	7.8 %
Percentage of revenue	10.9 %	7.7 %			9.5 %	6.9 %		
Total operating expenses	\$ 63,786	\$ 63,057	\$ 729	1.2 %	\$ 181,773	\$ 182,168	\$ (395)	(0.2)%
Percentage of revenue	29.8 %	24.6 %			30.3 %	23.8 %		

Our operating expenses consist primarily of personnel costs, including wages, commissions, incentive-based compensation, stock-based compensation and related benefits and taxes; project material costs related to the design and development of new products and enhancement of existing products; and professional fees, travel and depreciation expenses.

Personnel costs are our largest expense, representing \$32.5 million, or 50.9%, of our total operating expenses for the three months ended September 30, 2025, compared to \$35.5 million, or 56.3%, of our total operating expenses for the three months ended September 30, 2024. Personnel costs were \$103.8 million, or 57.1%, of our total operating expenses for the nine months ended September 30, 2025, compared to \$107.2 million, or 58.9%, of our total operating expenses for the nine months ended September 30, 2024. The lower personnel costs for the three months ended September 30, 2025 are primarily due to decreases in salary and benefits expenses, partially offset by increases in variable compensation, expatriate and separation program expenses. The lower personnel costs for the nine months ended September 30, 2025 are primarily due to decreases in salary, temporary employee, and expatriate expenses, partially offset by an increase in variable compensation and separation program expenses.

Research and Development

	Three months ended September 30,		Period-to-Period Change		Nine months ended September 30,		Period-to-Period Change	
	2025	2024	\$	%	2025	2024	\$	%
Research and development	\$ 24,640	\$ 26,395	\$ (1,755)	(6.6)%	\$ 78,832	\$ 77,843	\$ 989	1.3 %
Percentage of revenue	11.5 %	10.3 %			13.1 %	10.2 %		

Our ability to remain competitive depends largely on continuously developing innovative technology, with new and enhanced features and systems and introducing them at competitive prices on a timely basis. Accordingly, based on our strategic plan, we establish annual research and development budgets to fund programs that we expect will solve customers' high value, high impact, ion implantation challenges.

Three months ended September 30, 2025 Compared with Three months ended September 30, 2024

Research and development expense was \$24.6 million during the three months ended September 30, 2025, a decrease of \$1.8 million, or 6.6%, compared with \$26.4 million during the three months ended September 30, 2024. The decrease is primarily due to lower personnel expenses, driven by a decrease in wages.

Nine months ended September 30, 2025 Compared with Nine months ended September 30, 2024

Research and development expense was \$78.8 million during the nine months ended September 30, 2025, an increase of \$1.0 million, or 1.3%, compared with \$77.8 million during the nine months ended September 30, 2024. The increase is primarily due to several small expense category fluctuations.

Sales and Marketing

	Three months ended September 30,		Period-to-Period Change		Nine months ended September 30,		Period-to-Period Change	
	2025	2024	\$	%	2025	2024	\$	%
Sales and marketing	\$ 15,838	\$ 16,808	\$ (970)	(5.8)%	\$ 45,965	\$ 51,483	\$ (5,518)	(10.7)%
Percentage of revenue	7.4 %	6.6 %			7.7 %	6.7 %		

Our sales and marketing expenses result primarily from the sale of our equipment and services through our direct sales force.

Three months ended September 30, 2025 Compared with Three months ended September 30, 2024

Sales and marketing expense was \$15.8 million during the three months ended September 30, 2025, a decrease of \$1.0 million, or 5.8%, compared with \$16.8 million during the three months ended September 30, 2024. The decrease is primarily due to lower personnel expenses, driven by a decrease in wages.

Nine months ended September 30, 2025 Compared with Nine months ended September 30, 2024

Sales and marketing expense was \$46.0 million during the nine months ended September 30, 2025, a decrease of \$5.5 million, or 10.7%, compared with \$51.5 million during the nine months ended September 30, 2024. The decrease is primarily due to lower personnel expenses, driven by decreases in wages.

General and Administrative

	Three months ended September 30,		Period-to-Period Change		Nine months ended September 30,		Period-to-Period Change	
	2025	2024	\$	%	2025	2024	\$	%
	(dollars in thousands)							
General and administrative	\$ 23,308	\$ 19,854	\$ 3,454	17.4 %	\$ 56,976	\$ 52,842	\$ 4,134	7.8 %
Percentage of revenue	10.9 %	7.7 %			9.5 %	6.9 %		

Our general and administrative expenses result primarily from the costs associated with our executive, finance, information technology, legal and human resource functions.

Three months ended September 30, 2025 Compared with Three months ended September 30, 2024

General and administrative expense was \$23.3 million during the three months ended September 30, 2025, an increase of \$3.5 million, or 17.4%, compared with \$19.9 million during the three months ended September 30, 2024. The increase is primarily due to an increase in merger related professional fees partially offset by a decrease in bad debt expense.

Nine months ended September 30, 2025 Compared with Nine months ended September 30, 2024

General and administrative expense was \$57.0 million during the nine months ended September 30, 2025, an increase of \$4.1 million, or 7.8%, compared with \$52.8 million during the nine months ended September 30, 2024. The increase is primarily due to an increase in merger related professional fees partially offset by a decrease in bad debt expense.

Other Income (Expense)

	Three months ended September 30,		Period-to-period change		Nine months ended September 30,		Period-to-period change	
	2025	2024	\$	%	2025	2024	\$	%
	(dollars in thousands)							
Other income (expense):	\$ 5,130	\$ 8,452	\$ (3,322)	(39.3)%	\$ 15,088	\$ 15,366	\$ (278)	(1.8)%
Percentage of revenue	2.5 %	3.4 %			2.5 %	2.1 %		

Other income (expense) consists of interest earned and accretion on our invested cash balances, interest expense relating to the finance lease obligation we incurred in connection with the 2015 sale of our headquarters facility and other financing obligations as well as foreign exchange gains and losses attributable to both fluctuations of the U.S. dollar against local currencies of the countries in which we operate and forward currency exchange contracts.

Three months ended September 30, 2025 Compared with Three months ended September 30, 2024

Other income was \$5.1 million for the three months ended September 30, 2025, compared with other income of \$8.5 million for the three months ended September 30, 2024. The \$3.3 million decrease in other income (expense) compared to the same prior year period was primarily due to a decrease in net foreign exchange gains of \$2.2 million and a decrease in interest income of \$1.1 million. Net foreign exchange gains for the three months ended September 30, 2025 includes \$2.6 million of gains related to forward currency exchange contracts, partially offset by foreign exchange losses of \$1.7 million. Net foreign exchange gains for the three months ended September 30, 2024 includes foreign exchange gains of \$6.4 million, partially offset by foreign exchange losses of \$3.3 million from forward currency exchange contracts.

Nine months ended September 30, 2025 Compared with Nine months ended September 30, 2024

Other income was \$15.1 million for the nine months ended September 30, 2025, compared with other income of \$15.4 million for the nine months ended September 30, 2024. The \$0.3 million decrease in other income (expense) compared to the same prior year period was primarily due to a decrease in interest income of \$1.6 million partially offset by an increase in net foreign exchange gains of \$1.0 million. Net foreign exchange gains for the nine months ended September

30, 2025 includes \$4.4 million of losses related to forward currency exchange contracts, offset by foreign exchange gains of \$6.5 million. Net foreign exchange gains for the nine months ended September 30, 2024 includes foreign exchange gains of \$0.5 million and foreign exchange gains of \$0.5 million from forward currency exchange contracts.

Income Tax Provision

	Three months ended September 30,		Period-to-period change		Nine months ended September 30,		Period-to-period change	
	2025	2024	\$	%	2025	2024	\$	%
	(dollars in thousands)							
Income tax provision	\$ 4,164	\$ 6,789	\$ (2,625)	(38.7)%	\$ 12,290	\$ 20,593	\$ (8,303)	(40.3)%
Percentage of revenue	1.9 %	2.6 %			2.0 %	2.7 %		

Income tax expense was \$4.2 million for the three months ended September 30, 2025, compared to \$6.8 million for the three months ended September 30, 2024. The \$2.6 million decrease was primarily due to the decrease in pre-tax book income. The reported ETR for the three months ended September 30, 2025 was 13.8% compared to 12.3% for the three months ended September 30, 2024. The ETR increase was primarily due to the impact of the One Big Beautiful Bill Act. The ETR for the nine months ended September 30, 2025 was less than the U.S. statutory rate of 21% primarily attributable to Foreign Derived Intangible Income deduction and Federal research and development tax credits.

Liquidity and Capital Resources

At September 30, 2025, we had \$187.5 million in unrestricted cash and cash equivalents, \$262.1 million in short-term investments and \$143.2 million in long-term investments, in addition to \$7.6 million in restricted cash. Management believes that maintaining a strong cash balance is necessary to fund a continuing ramp in our business which can require significant cash investment to meet sudden demand. Additionally, we are using cash to repurchase shares as part of our stock repurchase program and are considering both organic and inorganic opportunities to drive future growth, for which cash resources will be necessary.

Our liquidity is affected by many factors. Some of these relate specifically to the operations of our business, for example, the rate of sales of our products, and others relate to the uncertainties of global economic conditions, including tariff programs implemented in countries in which we operate as well as the availability of credit and the condition of the overall semiconductor equipment industry. Our industry requires ongoing investments in operations and research and development that are not easily adjusted to reflect changes in revenue. As a result, profitability and cash flows can fluctuate more widely than revenue. Stock repurchases, as discussed below, also reduce our cash balances.

During the nine months ended September 30, 2025 and 2024, we generated \$124.9 million and \$128.0 million, respectively, of cash related to operating activities.

Investing activities for the nine months ended September 30, 2025 resulted in cash generated of \$37.2 million, \$9.0 million of which was used for capital expenditures and \$506.6 million of which was used to purchase short-term and long-term investments, offset by \$552.8 million related to maturities and sales of short-term investments. Investing activities for the nine months ended September 30, 2024 resulted in cash outflows of \$117.8 million, \$7.5 million of which was used for capital expenditures and \$433.9 million of which was used to purchase short-term investments, offset by \$323.6 million related to maturities of short-term investments.

Financing activities for the nine months ended September 30, 2025 resulted in a cash usage of \$99.9 million. During the first nine months of 2025, (i) \$95.9 million in cash was used to repurchase our common stock, (ii) \$4.3 million was used for payments to government tax authorities for income tax withholding on employee compensation arising from the vesting of RSUs, where units are withheld by us to cover taxes, and (iii) \$1.0 million was used to reduce the liability under the finance lease of our corporate headquarters. These amounts were partially offset by \$1.2 million of proceeds related to the purchase of shares under our 2020 ESPP during the first nine months of 2025. In comparison, financing activities for the nine months ended September 30, 2024 resulted in cash usage of \$56.6 million, of which (i) \$45.4 million related to the repurchase of our common stock (ii) \$11.4 million related to payments made to government tax authorities for income tax withholding on employee compensation arising from the vesting of RSUs, and (iii) \$1.1 million relating to the reduction of our finance lease liability. These amounts were partially offset by \$1.2 million of proceeds related to the purchase of shares under our 2020 ESPP during the first nine months of 2024.

As of September 30, 2025, we had a security deposit of \$5.9million related to the lease of our corporate headquarters in the form of a cash collateralized letter of credit, which is classified as long-term restricted cash on our balance sheet.

We believe that based on our current market, revenue, expense and cash flow forecasts, our existing cash and cash equivalents will be sufficient to satisfy our anticipated cash requirements for the short- and long-term.

Commitments and Contingencies

Significant commitments and contingencies at September 30, 2025 are consistent with those discussed in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and Note 16 to the consolidated financial statements included in our 2024 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

As of September 30, 2025, there have been no material changes to the quantitative information about market risk disclosed in Item 7A, “Quantitative and Qualitative Disclosures about Market Risk” included in our 2024 Form 10-K.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report (the “Evaluation Date”). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the Evaluation Date, these disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control that occurred during the three months ended September 30, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are, from time to time, a party to litigation that arises in the normal course of our business operations. We are not presently a party to any litigation that we believe might have a material adverse effect on our business operations.

Item 1A. Risk Factors.

As of September 30, 2025, there have been no material changes to the risk factors described in Item 1A, “Risk Factors” included in our 2024 Form 10-K other than the risks stated below.

Risks Related to the Merger

The Merger is subject to conditions, some or all of which may not be satisfied or completed on a timely basis, if at all. Failure to complete the Merger could have material adverse effects on the Company.

The consummation of the Merger is subject to customary closing conditions, including (i) the approval of the issuance of Company Common Stock pursuant to the Merger Agreement by the affirmative vote of the holders of a majority of all outstanding shares of Company Common Stock entitled to vote thereon, (ii) the adoption of the Merger Agreement by the affirmative vote of the holders of a majority of all outstanding shares of Veeco Common Stock entitled to vote thereon, (iii) the absence of any law or order promulgated, entered, enforced, enacted or issued by any governmental entity that prohibits, restrains or makes illegal the consummation of the Merger, (iv) the shares of Company Common Stock to be issued in the Merger (the “Company Stock Issuance”) being approved for listing on the Nasdaq Global Select Market, (v) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, the approval of the Merger by the State Administration for Market Regulation in the People’s Republic of China and receipt of, or expiration of applicable waiting periods in connection with, other government approvals, (vi) the Form S-4 Registration Statement of the Company, which will contain the joint proxy statement/prospectus of the parties in connection with the Merger, having become effective under the Securities Exchange Act of 1934 and not being the subject of any stop order or pending proceeding by the U.S. Securities and Exchange Commission (the “SEC”), (vii) subject to certain materiality exceptions, the accuracy of certain representations and warranties of each of the Company and Veeco contained in the Merger Agreement, (viii) the compliance by each party with the covenants contained in the Merger Agreement, and (ix) the absence of a material adverse effect with respect to each of the Company and Veeco. The Merger is expected to close in the second half of 2026, subject to the satisfaction or waiving of the foregoing closing conditions.

If the Merger is not completed, the Company’s ongoing business may be materially adversely affected and, without realizing any of the benefits of having completed the Merger, the Company will be subject to a number of risks, including the following:

- the market price of the Company’s common stock could decline;
- the Company could owe substantial termination fees to Veeco under certain circumstances;
- if the Merger Agreement is terminated and the Veeco board or the Company’s board seeks another business combination, Veeco shareholders and the Company’s shareholders cannot be certain that Veeco or the Company will be able to find a party willing to enter into a transaction on terms equivalent to or more attractive than the terms that the other party has agreed to in the Merger Agreement;
- time, resources, and costs committed by the Company’s management team to matters relating to the Merger could otherwise have been devoted to pursuing other beneficial opportunities;
- the Company may experience negative reactions from the financial markets or from its customers, suppliers, employees, or other business partners; and
- the Company will be required to pay its respective costs relating to the Merger, such as legal, accounting, financial advisory, and printing fees, whether or not the Merger are completed.

In addition, if the Merger is not completed, the Company could be subject to litigation related to any failure to complete the Merger or related to any enforcement proceeding commenced against the Company to perform its obligations

under the Merger Agreement, and whether or not any such litigation has any merit, the cost of defending such litigation may be significant. The materialization of any of these risks could adversely impact the Company's ongoing business.

Similarly, delays in the completion of the Merger could, among other things, result in additional transaction costs, loss of revenue, or other negative effects associated with uncertainty about completion of the Merger.

The Merger is subject to the receipt of the requisite regulatory approvals, which requisite regulatory approvals may never be obtained, therefore preventing completion of the Merger. In addition, in granting such approvals, regulatory authorities may impose conditions that could have a significant adverse effect on the Company or the combined company and the expected benefits of the Merger, therefore preventing completion of the Merger.

Before the Merger may be completed, the requisite regulatory approvals must have been obtained. The terms and conditions of the approvals that are granted may impose requirements, concessions, limitations, or costs or place restrictions on the conduct of the combined company's business.

Subject to the terms and conditions of the Merger Agreement, Veeco and the Company have each agreed to use their reasonable best efforts to consummate the Merger, including to obtain the regulatory approvals necessary to complete the Merger; provided that neither party is required to accept a remedy that, considered individually or in the aggregate, would have an adverse impact that is material to (a) the reasonably anticipated benefits to the Company or Veeco of the Merger, (b) the business of the Company and its subsidiaries, taken as a whole or (c) the business of Veeco and its subsidiaries, taken as a whole; provided further, that neither party is required to license any of its intellectual property to obtain regulatory approvals.

These requirements, concessions, and conditions may therefore reduce the anticipated benefits of the Merger, including synergies, which could also have a significant adverse effect on the combined company's business and cash flows and results of operations, and neither Veeco nor the Company can predict what, if any, requirements, concessions, and conditions may be required by regulatory or governmental authorities whose approvals are required. The requisite regulatory approvals may not be obtained at all, may not be obtained in a timely fashion, and may contain conditions on the completion of the Merger.

Uncertainties associated with the Merger may cause a loss of management personnel and other key employees, and the Company may have difficulty attracting and motivating management personnel and other key employees.

The Company is dependent on the experience and industry knowledge of its management personnel and other key employees to execute its business plans. The combined company's success after the completion of the Merger will depend in part upon the ability of the Company to attract and retain key management personnel and other key employees. Prior to completion of the Merger, current and prospective employees of the Company may experience uncertainty about their roles within the combined company following the completion of the Merger, which may have an adverse effect on the ability of the Company to attract or retain management personnel and other key employees.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.

In February 2022, our Board of Directors authorized a share repurchase program for up to \$100 million of the Company's common stock. This program was announced on March 1, 2022. In August 2023, our Board of Directors approved additional funding of \$200 million for our stock repurchase program, to be available upon the full utilization of the \$100 million repurchase funding approved in February 2022. In March 2025, we announced that the Board of Directors approved an additional funding of \$100 million for share repurchases. The Company's share repurchase program does not have an expiration date.

The following table summarizes the stock repurchase activity, based upon settlement date, for the three months ended September 30, 2025 as well as the approximate dollar value of shares that may yet be purchased pursuant to our stock repurchase program:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
		(in thousands except per share amounts)		
July 1 through July 31	237	\$73.13	237	149,707
August 1 through August 31	136	\$78.25	136	139,026
September 1 through September 30	50	\$80.60	50	135,014
Total	423		423	

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

During the quarter ended September 30, 2025, no director or officer adopted or terminated any contract, instrument or written plan for the purchase or sale of Axcelis securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any non-Rule 10b5-1 trading arrangement as defined in Item 408(c) of Regulation S-K.

Item 6. Exhibits.

The following exhibits are filed herewith:

Exhibit No	Description
2.1	Agreement and Plan of Merger, dated as September 30, 2025, by and among Axcelis Technologies, Inc., Veeco Instruments Inc. and Victory Merger Sub. Inc. Incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filed with the Commission on October 1, 2025.
3.1	Restated Certificate of Incorporation of the Company filed November 2, 2017. Incorporated by reference to Exhibit 3.1 of the Company's Form 10-Q filed with the Commission on November 3, 2017.
3.2	Certificate of Amendment to the Restated Certificate of Incorporation of the Company filed May 9, 2024. Incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed with the Commission on May 9, 2024.
3.3	Bylaws of the Company, as amended as of May 11, 2022. Incorporated by reference to Exhibit 3.2 of the Company's Form 8-K filed with the Commission on May 11, 2022.
31.1*	Certification of the Principal Executive Officer under Exchange Act Rule 13a-14(a)/15d-14(a) (Section 302 of the Sarbanes-Oxley Act), dated November 6, 2025.
31.2*	Certification of the Principal Financial Officer under Exchange Act Rule 13a-14(a)/15d-14(a) (Section 302 of the Sarbanes-Oxley Act), dated November 6, 2025.
32.1**	Certification of the Principal Executive Officer pursuant to Section 1350 of Chapter 63 of title 18 of the United States Code (Section 906 of the Sarbanes-Oxley Act), dated November 6, 2025.
32.2**	Certification of the Principal Financial Officer pursuant to Section 1350 of Chapter 63 of title 18 of the United States Code (Section 906 of the Sarbanes-Oxley Act), dated November 6, 2025.
101*	The following materials from the Company's Form 10-Q for the quarter ended September 30, 2025, formatted in inline eXtensible Business Reporting Language (iXBRL): (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements (Unaudited). Filed herewith.
104*	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101).

* Filed herewith

** This exhibit is being furnished rather than filed, and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

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, thereunto duly authorized.

DATED: November 6, 2025

AXCELIS TECHNOLOGIES, INC.

By: /s/ JAMES G. COOGAN

James G. Coogan
Executive Vice President and Chief Financial Officer
Duly Authorized Officer and Principal Financial Officer

CERTIFICATION
of the Principal Executive Officer
Pursuant to Rule 13a-14(a)/15d-14(a) (implementing Section 302 of the Sarbanes-Oxley Act)

I, Russell J. Low, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Axcelis Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2025

/s/ RUSSELL J. LOW

Russell J. Low,
President and Chief Executive Officer

CERTIFICATION
of the Principal Financial Officer
Pursuant to Rule 13a-14(a)/15d-14(a) (implementing Section 302 of the Sarbanes-Oxley Act)

I, James G. Coogan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Axcelis Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2025

/s/ JAMES G. COOGAN

James G. Coogan,
Executive Vice President and Chief Financial Officer

AXCELIS TECHNOLOGIES, INC.
Certification of the Principal Executive Officer
Pursuant to Section 1350 of Chapter 63 of title 18 of the United States Code

The undersigned Chief Executive Officer of Axcelis Technologies, Inc., a Delaware corporation, hereby certifies, for the purposes of Section 1350 of Chapter 63 of title 18 of the United States Code (as implemented by Section 906 of the Sarbanes-Oxley Act of 2002) as follows:

This Form 10-Q quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and the information contained herein fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this Certification as of November 6, 2025.

/s/ RUSSELL J. LOW

Russell J. Low
*President and Chief Executive Officer of Axcelis
Technologies, Inc.*

AXCELIS TECHNOLOGIES, INC.
Certification of the Principal Financial Officer
Pursuant to Section 1350 of Chapter 63 of title 18 of the United States Code

The undersigned Chief Financial Officer of Axcelis Technologies, Inc., a Delaware corporation, hereby certifies, for the purposes of Section 1350 of Chapter 63 of title 18 of the United States Code (as implemented by Section 906 of the Sarbanes-Oxley Act of 2002) as follows:

This Form 10-Q quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and the information contained herein fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this Certification as of November 6, 2025.

/s/ JAMES G. COOGAN

James G. Coogan
*Executive Vice President and Chief Financial Officer of Axcelis
Technologies, Inc.*
