

SECURITIES AND EXCHANGE COMMISSION

FORM ARS

Annual report to security holders

Filing Date: **2026-03-19** | Period of Report: **2025-12-31**
SEC Accession No. [0001104659-26-032103](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

VEECO INSTRUMENTS INC

CIK: **103145** | IRS No.: **112989601** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **ARS** | Act: **34** | File No.: **000-16244** | Film No.: **26774525**
SIC: **3559** Special industry machinery, nec

Mailing Address
*TERMINAL DRIVE
PLAINVIEW NY 11803*

Business Address
*TERMINAL DRIVE
PLAINVIEW NY 11803
516 677-0200*



Veeco Instruments Inc.

2025 Annual Report on Form 10-K

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

OR

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

Commission file number 0-16244

VEECO INSTRUMENTS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

11-2989601

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

Terminal Drive

Plainview, New York

(Address of Principal Executive Offices)

11803

(Zip Code)

Registrant's telephone number, including area code:

(516) 677-0200

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	VECO	The NASDAQ Global Select Market

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

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

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

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

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

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

Large accelerated filer

Accelerated filer

Emerging growth company

Non-accelerated filer

Smaller reporting company

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

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

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

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant at June 27, 2025 (the last business day of the registrant's most recently completed second quarter) was \$1,205,043,869 based on the closing price of \$20.52 on the NASDAQ Global Select Market on that date.

As of February 19, 2026, there were 60,392,058 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the definitive Proxy Statement to be used in connection with the Registrant's 2026 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

VEECO INSTRUMENTS INC.

INDEX

PART I	5
Item 1. Business	5
Item 1A. Risk Factors	13
Item 1B. Unresolved Staff Comments	33
Item 1C. Cybersecurity	33
Item 2. Properties	35
Item 3. Legal Proceedings	35
Item 4. Mine Safety Disclosures	35
PART II	36
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	36
Stock Performance Graph	37
Item 6. [Reserved]	37
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	38
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	47
Item 8. Financial Statements and Supplementary Data	47
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	48
Item 9A. Controls and Procedures	48
Item 9B. Other Information	50
PART III	50
Item 10. Directors, Executive Officers and Corporate Governance	50
Item 11. Executive Compensation	50
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	50
Item 13. Certain Relationships and Related Transactions, and Director Independence	50
Item 14. Principal Accounting Fees and Services	50
PART IV	51
Item 15. Exhibits, Financial Statement Schedules	51
SIGNATURES	56

This Annual Report on Form 10-K (“Form 10-K”) contains certain forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, as amended, relating to Veeco Instruments Inc. (together with its consolidated subsidiaries, “Veeco,” the “Company,” “Registrant,” “we,” “our,” or “us,” unless the context indicates otherwise) that are based on management’s expectations, estimates, projections, and assumptions. When used in this Form 10-K, words such as “expects,” “anticipates,” “plans,” “believes,” “scheduled,” “estimates,” and variations of these words and similar expressions are intended to identify forward-looking statements. Discussions containing such forward-looking statements may be found in Part I, Items 1 and 3, Part II, Items 7 and 7A hereof, as well as within this Form 10-K generally. Forward-looking statements in this discussion include, but are not limited to, those regarding anticipated growth and trends in our businesses and markets, industry outlooks and demand drivers, our investment and growth strategies, our development of new products and technologies, our business outlook for the current and future periods, and other statements that are not historical facts. These statements and their underlying assumptions are subject to risks and uncertainties and are not guarantees of future performance. Factors that could cause actual results to differ materially from those expressed or implied by such statements include, without limitation:

- Changes in U.S. and foreign trade policies, including the imposition of heightened tariffs, together with the prospect of additional foreign and domestic trade restrictions;
- Risks associated with operating a global business, including ongoing trade disputes between the U.S. and China;
- An inability to obtain required export licenses for the sale of our products;
- Unfavorable market conditions;
- Significant third party competition;
- Risks associated with operating in industries characterized by rapid technological change;
- Our dependency on the demand for consumer electronic products and automobiles;
- Our concentrated customer base;
- The cyclicity of the industries we serve;
- A failure to estimate customer demand accurately;
- Our reliance on a limited number of suppliers, some of whom are our sole source for particular components;
- A failure to successfully manage our outsourcing activities or a failure of our outsourcing partners to perform as anticipated;
- The timing of our orders, shipments, and revenue recognition;
- Our long and unpredictable sales cycles;
- Customer order cancellations or modifications;
- Risks associated with business combinations, acquisitions, strategic investments and divestitures;
- Risks associated with global regulatory requirements;
- Disruptions in our information technology systems or data security incidents;

- An inability to effectively enforce and protect our intellectual property rights;
- Claims of intellectual property infringement by others;
- Tightening credit markets;
- Foreign currency exchange risks;
- Asset impairment charges;
- Changes in accounting pronouncements or taxation rules, practices, or rates;
- Restrictions, covenants and repurchase provisions appearing in our current debt facilities;
- Possible impairment to our ability to utilize our research and development credits carryforwards caused by the issuance of common stock upon the conversion of the 2029 Convertible Senior Notes;
- Delays in or failure to complete the Merger (as defined herein), whether due to an inability by either party to satisfy one or more conditions to closing, including an inability to obtain certain regulatory approvals, the occurrence of events or changes in circumstances that give rise to the termination of the Merger Agreement (as defined herein) by either party, or otherwise;
- Risks related to the pendency of the Merger and its effect on our business, financial condition, results of operations, cash flow and stock price;
- An inability to attract, retain, and motivate employees, including as a result of the Merger;
- Diversion of management time and attention from ordinary course business operations to the Merger and other potential disruptions to our business relating thereto;
- Risks associated with non-compliance with environmental, health, and safety regulations;
- Environmental, social and governance goals, strategies and requirements which could be costly to implement and which expose us to risks associated with failures to comply;
- Measures adopted by Veeco which may have anti-takeover effects or which may make an acquisition of our Company by another company more difficult; and
- Other risks and uncertainties described in our SEC filings on Forms 10-K, 10-Q, and 8-K, including those included in Item 1A, "Risk Factors" of this Form 10-K, and from time-to-time in our other SEC reports.

All forward-looking statements speak only to management's expectations, estimates, projections and assumptions as of the date of this filing or, in the case of any document referenced herein or incorporated by reference, the date of that document. The Company does not undertake any obligation to update or publicly revise any forward-looking statements to reflect events, circumstances or changes in expectations after the date of this filing.

PART I

Item 1. Business

Business Description and Overview

Headquartered in Plainview, New York, we were organized as a Delaware corporation in 1989. We are a manufacturer of advanced semiconductor process equipment that solves an array of challenging materials engineering problems for our customers. Our comprehensive collection of ion beam, laser annealing, metal organic chemical vapor deposition (“MOCVD”), chemical vapor deposition (“CVD”), advanced packaging lithography, single wafer wet processing, molecular beam epitaxy (“MBE”), and atomic layer deposition (“ALD”) technologies play an integral role in the fabrication of key devices that are enabling the 4th industrial revolution of all things connected. Such devices include leading advanced node application processors for AI chips, high-performance computing, mobile devices, high-speed data communications, and radio frequency (“RF”) filters and power amplifiers for fifth generation (“5G”) networks and mobile electronics, photonics devices for 3D sensing, advanced displays, and thin film magnetic heads for hard disk drives in data storage. In close partnership with our customers, we combine decades of applications and materials know-how with leading-edge systems engineering to deliver high-volume manufacturing solutions with competitive cost of ownership. Serving a global and highly interconnected customer base, we have comprehensive sales and service operations across the Asia-Pacific, Europe, and North America regions to ensure real-time close collaboration and responsiveness.

Merger with Axcelis Technologies, Inc.

On September 30, 2025, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Axcelis Technologies, Inc., a Delaware corporation (“Axcelis”), and Victory Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Axcelis (“Merger Sub”). 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 Axcelis. The Merger Agreement was approved by Veeco’s board of directors (except for one (1) independent director who serves on the Axcelis board of directors as well and thus recused himself) and, on February 6, 2026, by the stockholders of each company, but is still pending certain regulatory approvals and other customary mutual closing conditions. See Note 17 “Merger” to the accompanying Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Markets

Our products are purchased by customers in the following four end-markets: 1) Semiconductor; 2) Compound Semiconductor; 3) Data Storage; and 4) Scientific & Other.

Our systems are used in the production of a broad range of microelectronic components, including logic, dynamic random-access memory (“DRAM”), photonics devices (including laser diodes and micro-LEDs), power electronics, RF filters and amplifiers, magnetic heads for hard disk drives, and other semiconductor devices. Many of our systems are used to deposit advanced materials critical to the operation of the device and some of our systems are used in cleaning and surface preparation as well as the precise removal of critical materials. We are also a leader in systems used in the advanced packaging process flow of microelectronic components such as flip chip, fan-out wafer level packaging (“FOWLP”), and other wafer level packaging approaches used in the modern integration of diverse semiconductor products, especially in consumer electronics. In general, our customers purchase our systems to both produce current-generation devices in volume and to develop next-generation products which deliver more efficient, cost-effective, and advanced technological solutions. We operate in several highly cyclical business environments, and our customers’ buying patterns are dependent upon industry trends and buying patterns for consumer electronics. As our products are sold into multiple markets, the following table describes these markets and the applicable Veeco technologies.

Markets	Description	Applicable Veeco Technologies
<p>Semiconductor</p>	<p>The Semiconductor market refers to process steps in logic and memory applications where silicon wafers are processed. There are many different wafer level process steps in forming patterned wafers, such as deposition, etching, masking, and doping. As device architectures continue to shrink with advanced nodes, more precise process control is paramount to achieving high yields and competitive cost. One such process step is called Laser Annealing, which uses a very precise method to activate dopants, reduce contact resistance and modify material grain structure. The Veeco laser annealing technology enables our customers to have a lower thermal budget by annealing at higher temperatures over a shorter period of time.</p> <p>This market also includes mask blank production for extreme ultraviolet (“EUV”) lithography, where Veeco’s Ion Beam Deposition technology is used for deposition of the multi-layer EUV reflective coating. Veeco’s Ion Beam technology is also under evaluation for deposition of low resistivity metals for 300mm front end applications.</p> <p>Veeco’s Advanced Packaging technologies include a portfolio of wafer-level assembly technologies that enable improved performance of electronic products, such as smartphones, high-end servers, and graphical processors. Demand for higher performance, smaller form factors, and lower power consumption in applications such as artificial intelligence, high-performance computing, mobile devices, and consumer electronics is driving the adoption of advanced packaging technologies. Veeco serves the advanced packaging market with lithography as well as wet processing equipment.</p>	<ul style="list-style-type: none"> • Laser Annealing • Ion Beam Deposition (“IBD”) • Ion Beam Etch (“IBE”) • Wet Processing • Advanced Packaging Lithography

<p>Compound Semiconductor</p>	<p>The Compound Semiconductor market includes Power Electronics, Photonics, RF Filters and Amplifiers, and Solar power applications.</p> <p>Power Electronics refers to semiconductor devices used in the control and conversion of electric power in growing applications such as wireless charging of consumer electronics and automotive applications. The power electronics market has historically been dominated by silicon devices. However, demand has been rapidly growing for applications in automotive driven by adoption of electric vehicles (“EV”), energy and industrial end-markets which require compound semiconductor devices such as those made from gallium nitride and silicon carbide to address higher voltages and higher power requirements.</p> <p>Photonics refers to light source technologies and laser-based solutions for 3D sensing, datacom and telecom applications. This includes micro-LED, laser diodes, edge emitting lasers and vertical cavity surface emitting lasers (“VCSELs”).</p> <p>Micro-LEDs may be used for next generation advanced displays. A micro-LED display is a self-emissive display that offers improved resolution, contrast, and brightness versus conventional technologies. Micro-LEDs will be used in a number of applications from televisions, smartwatches, and augmented reality headsets.</p> <p>RF power amplifiers and filters (including surface acoustic wave (“SAW”) and bulk acoustic wave (“BAW”) filters) are used in 5G communications infrastructure, smartphones, tablets, and mobile devices. They make use of radio waves for wireless broadcasting and/or communications.</p> <p>Solar power or photovoltaic technology refers to power obtained by harnessing the energy of the sun through the use of compound semiconductor devices such as photovoltaics.</p>	<ul style="list-style-type: none"> • Gallium Nitride (“GaN”) MOCVD • Arsenides/ Phosphides (“As/P”) MOCVD • Wet Processing • MBE • ALD • IBE • SiC Chemical Vapor Deposition (“CVD”)
<p>Data Storage</p>	<p>Data Storage refers to the Hard Disk Drives (“HDD”) market which provides significant value for mass storage and is an important part of large capacity storage applications such as Data Centers. Our systems enable customers to manufacture the magnetic heads for hard disk drives.</p>	<ul style="list-style-type: none"> • IBD • IBE • Physical Vapor Deposition • Mechanical (Lapping and Dicing) • Diamond Like Carbon Deposition • Wet Processing

Scientific & Other	Scientific & Other refers to advanced materials and device research such as quantum computing, and a range of manufacturing applications including optical devices (lasers, mirrors, optical filters, and anti-reflective coatings).	<ul style="list-style-type: none"> • Ion Beam Sputtering for optical coatings • MBE for specialized laser and sensor devices • Wet Processing for sensors • ALD for a variety of applications
-------------------------------	--	---

System Products

Laser Annealing Systems

Our laser annealing systems meet the industry demand for ultra-short time-scale “millisecond” annealing, heating the wafer up to temperatures just below the silicon melting point, enabling thermal annealing solutions at the most advanced semiconductor process nodes. This unique annealing technology provides a solution to the difficult challenge of fabricating ultra-shallow junctions and highly activated source/drain contacts at advanced logic nodes. In addition, our proprietary hardware design enables outstanding temperature uniformity across the wafer and die, by minimizing the pattern-density effect, thus reducing absorption variations.

Our next generation nanosecond annealing technology targets annealing advanced logic devices and memory devices at advanced nodes. As devices scale, achieving performance targets has become a challenge. To continue the roadmap, the industry is looking at new materials and the use of thermal processes that require nanosecond time-scale thermal annealing with temperatures exceeding the melting point. We believe that our nanosecond annealing will be required to meet the device targets at future nodes and complements our millisecond annealing solutions.

Ion Beam Deposition and Etch Systems

Our NEXUS[®] Ion Beam systems and IBD300 systems are used to deposit and etch thin film layers for multiple end applications in the Semiconductor, Data Storage, RF and other various emerging markets. Our NEXUS[®] IBD system has a leading position in multiple markets including EUV mask blank manufacturing in which it enables our customers to deposit multilayers with high precision and ultra-low defects which is essential for EUV lithography. Our IBD300 system is being evaluated for 300mm front end semiconductor applications where low resistivity metals like tungsten, ruthenium and molybdenum are critical. The IBD systems are also critical in the manufacture of hard disk drive magnetic heads where they are used to deposit various magnetic and oxide layers and deliver best-in-class film properties. Our NEXUS[®] IBE systems are used to precisely etch complex features on materials which are challenging to pattern by traditional reactive ion etching techniques. These systems are widely used in the data storage industry for patterning of magnetic and oxide materials and are essential for forming the precise shape of the magnetic head. The NEXUS[®] systems may be included on our cluster system platform to allow either parallel or sequential deposition/etch processes.

Our SPECTOR[®] Ion Beam Sputtering system was developed for high precision optical coatings and offers manufacturers state of the art optical thickness monitoring, improved productivity, and target material utilization, for cutting-edge optical interference coating applications. We also provide a broad array of ion beam sources.

Advanced Packaging Lithography

Our lithography equipment is used in the Advanced Packaging market for applications such as FOWLP, Flip Chip (including Copper Pillar), Fan In Wafer Lever Packaging, 3D stacking, interposers and embedded die. The Advanced Packaging market is driven by the need for improved performance, reduced power consumption, and the ability to image smaller geometries for mobile and automotive applications. These applications continue to demand increasingly complex packaging techniques and heterogeneous device integration from integrated device manufacturers (“IDMs,”), Foundries, and outsourced semiconductor assembly and test (“OSAT”) companies. Our Advanced Packaging tools are designed to optimize productivity for leading-edge 300mm Advanced Packaging applications by delivering proven reliability and low cost of ownership in high-volume manufacturing environments. Our products are known for best-in-class yield coupled with outstanding resolution and depth of focus.

Single Wafer Wet Processing

We offer single wafer wet processing, and surface preparation systems which target growth opportunities in advanced packaging applications in the Semiconductor market as well as RF filters and amplifiers in the Compound Semiconductor market. The WaferStorm® platform is based on our unique ImmJET™ technology, which provides improved performance at a lower cost of ownership than conventional wet bench-only or spray-only approaches. This highly flexible platform targets solvent-based cleaning applications that require a significant level of process control and flexibility. The WaferEtch® platform provides highly uniform, selective etching with onboard end-point detection for improved process control and yield in bumping applications. In addition, we have developed a state-of-the-art solution with the WaferEtch® platform to address the requirements of wafer thinning.

Metal Organic Chemical Vapor Deposition Systems and Chemical Vapor Deposition Systems

MOCVD production systems are used to make GaN and As/P-based devices for applications including power electronics, RF devices, specialty LED, display, and many other photonics applications. Our proven TurboDisc® technology is at the heart of our MOCVD systems and is the key to enabling best-in-class deposition uniformity, yield performance and cost per wafer savings for our customers with a combined advantage of high operating uptime and low maintenance costs. Our Lumina® platform is used for As/P deposition, and features long campaigns and low defectivity for exceptional yield and flexibility. Our Propel® series enables the development of highly-efficient GaN-based power electronics, RF devices and advanced GaN-on-silicon micro-LEDs. The Propel® system offers 200mm and fully-automated 300mm technology and incorporates single-wafer reactor technology for outstanding film uniformity, yield, and device performance. Our SiC CVD system has a single wafer reactor concept based on a time-tested industry validated architecture and is used for research and development for SiC power electronics applications.

Molecular Beam Epitaxy Systems

MBE is the process of precisely depositing atomically-thin epitaxial crystalline layers, or epilayers, of elemental materials onto a substrate in an ultra-high vacuum environment. We are a leading supplier of MBE systems worldwide.

Our MBE systems, sources, and components are used to develop and manufacture compound semiconductor devices in a wide variety of applications such as quantum computing, high-power fiber lasers, infrared detectors, mobile phones, radar systems, high efficiency solar cells, and advanced materials science research in academic, governmental, and industrial organizations. The GENxplor® MBE system creates high quality epitaxial layers and is ideal for cutting-edge research on a wide variety of materials including III-V GaAs, nitride, and oxide materials on substrates up to 3” diameter.

Atomic Layer Deposition Systems

ALD is a thin-film deposition method in which a film is deposited on a substrate uniformly with precise control down to the atomic scale. Veeco offers a full suite of ALD systems for non-semiconductor front-end production applications across a wide range of markets and applications such as Quantum Computing, optical, electronics, micro-electro mechanical systems (“MEMS”), nanostructures, and biomedical.

Other Systems

We have other deposition systems including Physical Vapor Deposition, Diamond-Like Carbon Deposition, and Chemical Vapor Deposition Systems primarily sold to the data storage market. In addition, we have mechanical systems such as saws and lappers for the data storage industry as well as the power semiconductor market. Finally, we have Gas-mixing systems primarily sold to the semiconductor market. We also continue to focus on penetrating adjacent markets with organically developed and acquired technology.

Sales and Service

We sell our products and services worldwide through various strategically located facilities in the United States, Europe, and the Asia-Pacific region. We believe that our customer service organization is a significant factor in our success. We provide service and support through warranty and service contracts, as well as on an individual service-call basis. We believe that offering timely support creates stronger relationships with our customers. Revenue from the sales of parts, upgrades, service, and support represented approximately 25%, 20%, and 22% of our net sales for the years ended December 31, 2025, 2024, and 2023, respectively. Parts and upgrade sales represented approximately 19%, 15%, and 17% of our net sales for those years, respectively, and service and support sales were 6%, 5%, and 5% respectively.

Customers

We sell our products to many of the world's semiconductor IDMs and Foundries, OSAT, HDD, and photonics manufacturers, as well as research centers and universities. We rely on certain principal customers for a significant portion of our sales. If these principal customers discontinue their relationships with us or suffer economic difficulties, our business prospects, financial condition, and operating results could be materially and adversely affected.

Research and Development

Our research and development functions are focused on the timely creation of new products and enhancements to existing products, both of which are necessary to maintain our competitive position. We collaborate with our customers to align our technology and product roadmaps to customer requirements. Our research and development activities take place at our facilities in San Jose, California; Plainview, New York; Horsham, Pennsylvania; Somerset, New Jersey; St. Paul, Minnesota; and Waltham, Massachusetts.

Suppliers

We outsource certain functions to third parties, including the manufacture of several of our systems. While we rely on our outsourcing partners to perform their contracted functions, we maintain some level of internal manufacturing capability for these systems. Refer to Item 1A, "Risk Factors," for a description of risks associated with our reliance on suppliers and outsourcing partners.

Backlog

Our backlog consists of orders for which we received a firm purchase order, a customer-confirmed shipment date generally within twelve months, and a deposit, when required. Our backlog was \$554.9 million and \$409.6 million at December 31, 2025 and 2024, respectively.

Competition

In each of the markets that we serve, we face competition from established competitors, some of which have greater financial, engineering, and marketing resources than we do, as well as from smaller competitors. In addition, many of our products face competition from alternative technologies, some of which are more established than those used in our products. Significant factors for customer selection of our tools include system performance, accuracy, repeatability, ease of use, reliability, cost of ownership, and technical service and support. None of our competitors compete with us across all of our product lines.

Our principal competitors include: Aixtron; Applied Materials; Canon; Grand Plastics Technology; Mattson Technology; Screen Semiconductor Solutions; Shanghai Micro Electronics Equipment; and Suss MicroTec.

Intellectual Property

Our success depends, in part, on our proprietary technology, and we have approximately 350 patents in the United States and other countries.

We have patents and exclusive and non-exclusive licenses to patents owned by others covering certain of our products, which we believe provide us with a competitive advantage. We have a policy of seeking patents on inventions concerning new products and improvements as part of our ongoing research, development, and manufacturing activities. We believe that there is no single patent or exclusive or non-exclusive license to patents owned by others that is critical to our operations, as the success of our business depends primarily on the technical expertise, innovation, customer satisfaction, and experience of our employees. Refer to Item 1A, “Risk Factors,” for a description of risks associated with intellectual property.

Workforce Overview

Veeco’s global workforce spans 13 countries. At December 31, 2025, we employed 1,265 employees, with 297 in the Asia-Pacific region, 45 in the EMEA region, and 923 in the United States. Approximately 25% of our workforce is engaged in research and development; 56% in operations, manufacturing, service, and quality assurance; and 19% in sales, marketing, finance, information technology, general management, and other administrative functions. Our success depends on our ability to attract, retain, and motivate employees. We compete with other companies and organizations for talent. Competition for skilled talent, particularly in engineering, manufacturing, and technical roles, remains intense across our industry. We actively monitor talent availability and retention trends to support the continuity of critical skills. We consider our relations with the Veeco United Team to be favorable. We are subject to various federal, state, and local regulations and regularly monitor key employment activities, such as hiring, terminations, pay, and working practices, to ensure compliance with these regulations. In addition, we may supplement the Veeco United Team with contractors and other temporary workers.

Talent Strategy and Development

We recruit regionally and hire locally to ensure compliance with applicable regulations and to strengthen alignment with local talent markets. Hiring is done at a local level to ensure compliance with applicable regulations. We advertise job openings and source candidates broadly to attract a diverse candidate pool. As a leader in our industry, we can attract a strong candidate pool and have successfully filled vacancies. In fiscal 2025, we hired 162 employees: 141 in the United States, 20 in the Asia-Pacific region, and 1 in the EMEA region.

We track and report key talent metrics, including workforce demographics, talent pipeline strength, and diversity representation. We invest in professional development programs to provide individuals with opportunities to advance their careers in either the technical/individual contributor or leadership tracks. All employees are expected to complete at least 20 hours of annual training to support continuous learning and professional development. We offer training and development programs both virtually and in person to benefit employees worldwide. We emphasize developing future leaders and use a talent review process to assess high-potential, high-performing employees for future leadership roles as part of our succession management. We closely monitor turnover statistics, as they are an essential indicator of employee satisfaction. Our 12-month rolling voluntary-turnover average as of December 31, 2025, was approximately 7.6%. Our average employee tenure is more than 8 years. Both voluntary turnover and tenure rates compare favorably to industry benchmarks and reflect strong employee engagement and retention.

Employee Engagement

The engagement and satisfaction of the Veeco United Team are critical to our culture and our success. We remain committed to working with employees to strengthen the Company's culture. We regularly conduct global employee surveys to assess global employee engagement, leadership, work environment, and culture. The results of our surveys are used to identify various initiatives designed to strengthen our Company. Our executives host regular company-wide meetings with our global workforce, providing employees with opportunities to engage with senior leaders and ask questions in open Q&A sessions. Finally, we maintain and regularly remind our employees about our confidential third-party hotline, which they can use to share their concerns.

Total Rewards Philosophy

Our total rewards philosophy is targeted to support our employees' financial, physical, and mental health and well-being. We use independent market surveys to ensure our total compensation packages remain competitive. We help employees share in the Company's success through various programs, including profit sharing and bonus plans, equity awards, and an Employee Stock Purchase Plan ("ESPP"). In addition to providing our employees with competitive compensation packages, we offer benefits designed to meet the needs of employees and their families, including paid time off, medical, dental, and vision coverage, disability income protection, life insurance, retirement savings contributions, and more. Veeco pays the majority, or all, of the costs for many of these benefits.

Culture and Core Values

We are committed to fostering and sustaining a culture of inclusion where our people can be their authentic selves and are encouraged to reach their full potential. Our Veeco team, like the technologies we enable, is a rich combination of diverse individuals coming together as Veeco United to make a material difference for our people, our customers, and the world. As a global technology company, we recognize that a diverse employee population makes Veeco stronger, more innovative, and a more engaging place to work. We are always striving to attract talented individuals from the global candidate pool.

All Veeco employees are expected to honor our Core Values, which define the way we conduct our business in everyday actions and choices and form the foundation of our culture:

- We will always put our **customers** first
- We will never compromise on **safety**
- We will always demonstrate **respect**
- We will never stop **improving**
- We will always be **accountable**
- We will never forget that **diversity** and **inclusion** make us stronger

Available Information

Our corporate website address is www.veeco.com. All filings we make with the Securities and Exchange Commission ("SEC"), including our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, our proxy statements and any amendments thereto filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available for free in the Investor Relations section of our website as soon as reasonably practicable after they are filed with or furnished to the SEC. The reference to our website address does not constitute inclusion or incorporation by reference of the information contained on our website in this Form 10-K or other filings with the SEC, and the information contained on our website is not part of this document.

Item 1A. Risk Factors

Risk Factor Summary

An investment in shares of our common stock is subject to a number of risks that may prevent us from achieving our business objectives or otherwise adversely affect our business, results of operations or financial condition. The following list contains a summary of some, but not all, of these risks. You should read this summary together with the more detailed description of each risk factor contained below before making an investment decision.

Risks Related to Our Business and Industry

- Unfavorable market conditions have adversely affected, and may adversely affect, our operating results.
- We are exposed to risks of operating a global business.
- Changes in trade policies, export controls, and the ongoing trade dispute between the U.S. and China have adversely affected, and may continue to adversely affect, our business, results of operations, and financial condition.
- We may be unable to obtain required export licenses for the sale of our products.
- We are exposed to risks and uncertainties related to changes in global trade policies, global trade disputes, and increased tariffs.
- The timing of our orders, shipments, and revenue recognition may cause our quarterly operating results to fluctuate significantly.
- We face significant competition.
- We operate in industries characterized by rapid technological change.

Risks Related to Intellectual Property and Cybersecurity

- Disruptions in our information technology systems or data security incidents could result in significant financial, legal, regulatory, business, and reputational harm to us.
- We may be unable to effectively enforce and protect our intellectual property rights.

Financial, Accounting and Capital Market Risks

- Our operating results may be adversely affected by tightening credit markets.
- We are subject to foreign currency exchange risks.
- We may be required to take impairment charges on assets.
- Our current debt facilities may contain certain restrictions, covenants and repurchase provisions that may limit our ability to raise the funds necessary to meet our working capital needs, which may include the cash conversion of the Notes or repurchase of the Notes for cash upon a fundamental change.

Risks Related to the Planned Merger with Axcelis Technologies, Inc.

- The planned merger with Axcelis Technologies, Inc. is subject to certain closing conditions, including the receipt of consents and approvals from governmental authorities, which may impose unexpected delays in the completion of the merger, or the merger may not be completed at all.
- Failure to complete the Merger in a timely manner or at all could materially and adversely affect our stock price and future business and financial results.
- The pendency of the Merger could materially and adversely affect our business and operations.
- Our current stockholders will have a reduced ownership interest and voting power in the combined company after the Merger.

General Risk Factors

- The price of our common shares is volatile and could decrease.
- Our inability to attract, retain, and motivate employees could have a material adverse effect on our business.
- We are subject to risks of non-compliance with environmental, health, and safety regulations.

Key Risk Factors That May Impact Future Results

Stockholders should carefully consider the risk factors described below when evaluating the Company. Any of these factors, many of which are beyond our control, could materially and adversely affect our business, financial condition, operating results, cash flow, and stock price.

Risks Related to Our Business and Industry

Unfavorable market conditions have adversely affected, and may adversely affect, our operating results.

Conditions of the markets in which we operate are volatile and may experience significant deterioration. Changing market conditions require that we continuously monitor and reassess our strategic resource allocation decisions. If we fail to properly adapt to changing business environments, we may lack the infrastructure and resources necessary to scale up our businesses to successfully compete during periods of growth, or we may incur excess fixed costs during periods of decreasing demand. Adverse market conditions relative to our products may result in:

- reduced demand for our products, or the rescheduling or cancellation of orders for our products which may result in negative backlog adjustments;
- asset impairments, including the impairment of goodwill and other intangible assets;
- unfavorable changes in customer mix and product mix;
- increased price competition for our products, or increased competition from sellers of used equipment or lower-priced alternatives to our products, which could lead to lower profit margins for our products;
- increased inventory obsolescence;
- disruptions in our supply chain;
- higher operating costs, caused by matters such as rising inflation and interest rates in various regions, which the Company has experienced in the past and may experience in the future; and
- an increase in uncollectible amounts due from our customers resulting in increased reserves for doubtful accounts and write-offs of accounts receivable.

If the markets in which we participate experience deteriorations or downturns, this could negatively impact our sales and revenue generation, margins, operating expenses, and profitability.

We are exposed to risks of operating a global business.

A majority of our sales are to customers, and significant elements of our supply chain are from suppliers, who are located outside of the United States, which we expect will continue. Our percentage revenue from the sale of products and the provision of services to non-U.S. customers was 85% for fiscal year 2025. Our non-U.S. sales and operations are subject to risks inherent in conducting business outside the United States, many of which are beyond our control including:

- global trade issues and uncertainties with respect to trade policies, including tariffs, trade sanctions, and international trade disputes, and the ability to obtain required import and export licenses;
- political and social attitudes, laws, rules, regulations, and policies within countries that favor local companies over U.S. companies, including government-supported efforts to promote local competitors;
- differing legal systems and standards of trade which may not honor our contractual or intellectual property rights and which may place us at a competitive disadvantage;
- pressures from foreign customers and foreign governments for us to increase our operations and sourcing in the

- foreign country, which may necessitate the sharing of sensitive information and intellectual property rights;
- conflicting and changing governmental laws and regulations, including varying labor laws and tax regulations;
- reliance on various information systems and information technology to conduct our business, making us vulnerable to cyberattacks by third parties or breaches due to employee error, misuse, or other causes, that could result in business disruptions, loss of or damage to our intellectual property and confidential information (and that of our customers and other business partners), reputational harm, transaction errors, processing inefficiencies, and other adverse consequences;
- regional or global economic downturns or recessions, varying foreign government support, unstable political environments, and other changes in foreign economic conditions;
- the impact of regional or global health epidemics;
- difficulties in managing a global enterprise, including staffing, managing distributors and representatives, and repatriating cash;
- longer sales cycles and difficulties in collecting accounts receivable; and
- different customs and ways of doing business.

To date, our operations have not been materially adversely affected by global conflicts including Russia’s invasion of Ukraine or the conflict in the Middle East. However, further escalation of these or other conflicts could result in, among other negative consequences, a disruption to the global economy and supply chain leading to a shortage of parts, materials and services needed to manufacture and timely deliver our products (and we note that the Ukraine-Russia geographic region is a significant source of critical raw materials, including neon and palladium, used for semiconductor manufacturing). Any such shortages could negatively impact our suppliers’ ability to meet our demand requirements and, in turn, our ability to satisfy our customer demand. Parts shortages have required, and may in the future require, that we plan ahead further than usual, and increase our purchase commitments to secure critical components in a timely manner. These challenges, together with other challenges associated with operating a global business, may adversely affect our ability to recognize revenue, our gross margins on the revenue we do recognize, and our other operating results.

Changes in trade policies, export controls, and the ongoing trade dispute between the U.S. and China have adversely affected, and may continue to adversely affect, our business, results of operations, and financial condition.

The U.S. government has implemented, and may continue to implement, changes in trade policy which have adversely affected and could continue to adversely affect the Company’s ability to sell and service its products to and for customers located in China and in certain other countries.

Over the past several years, the U.S. Commerce Department, Bureau of Industry and Security (“BIS”) has announced new rules aimed in part at restricting China’s ability to obtain advanced computing chips and manufacture advanced semiconductors. Other changes in trade policy by BIS have included, without limitation, the elimination of license exception for Civil End Users (“CIV”), the implementation of new regulations governing the sale of equipment to defined “Military End Users” and for defined “Military End Uses”, the addition of several companies to the U.S. Commerce Department’s Unverified List and Entity List (including Swaysure Technology Co., Ltd., Semiconductor Manufacturing International Corporation, and certain similar and related entities), and the expansion of the foreign direct product rule to restrict the sale of certain products if certain named China customers or their affiliates are parties to a transaction involving the products.

The effect of these changes, among others, is that U.S. companies are now required to obtain export licenses – now at times with a presumption of denial – before providing commodities, software, and technology (which are subject to the regulations) to customers for whom licensing requirements did not previously apply. These changes have had, and will likely continue to have, a negative effect on our ability to sell and service certain equipment and for certain end users in China. The heightened export restrictions have resulted, and may continue to result, in confusion and shipping delays, as the new regulations are interpreted and applied, and may inhibit technical discussions with existing or prospective customers, negatively impacting our ability to pursue sales opportunities. The administrative processing, attendant delays and risk of ultimately not obtaining required export approvals pose a particular disadvantage to the Company relative to certain of our non-U.S. competitors and increase our exposure to foreign and Chinese domestic competition. This difficulty and uncertainty has adversely affected our ability to compete for and win business from customers in

China. Foreign customers affected by U.S. government sanctions or threats of sanctions may respond by developing their own solutions to replace our products or by utilizing our foreign competitors' products. These heightening restrictions, together with the prospect of additional governmental action (which has included and may include increases in tariffs, domestic and foreign, on a broad array of goods), has adversely affected, and is likely to continue to adversely affect, demand for our products and the results of our operations.

The changes in U.S. trade policy and export controls, as well as sanctions imposed by the U.S. against certain Chinese companies, have triggered retaliatory action by China (including China's 2025 ban on exports to the United States of rare earth minerals which are used in certain of our products) and could trigger further retaliation (including the possible escalation of geopolitical tensions between China and Taiwan). In addition, China has provided, and is expected to continue to provide, significant assistance, financial and otherwise, to its domestic industries, including some of our competitors. We face increasing competition as a result of significant investment in the semiconductor industry by the Chinese government and various state-owned and affiliated entities that is intended to advance China's stated national policy objectives (including a heightened focus on the production of legacy node and mature chips in response to U.S. and foreign government regulation impeding the production of advanced node chips). In addition, the Chinese government may restrict us from participating in the China market or may prevent us from competing effectively with Chinese companies.

In the fourth quarter of 2025, two of our laser annealing systems shipped to customers in China were detained at the Port of San Francisco pending review by U.S. Customs and Border Protection ("CBP") prior to export. Title, risk of loss and control transferred to the customers prior to year-end and we had satisfied the contractual conditions to seek payment under the applicable letters of credit. While both systems were subsequently released by CBP and thus recognized into revenue during the year ended December 31, 2025, we can provide no assurances as to whether U.S. government policy will impact future shipments to the impacted customers or other customers in China.

Further, trade-related government actions – including for example the addition, past and future, of China-based companies to the U.S. Commerce Department's Entity List – have prevented and will likely prevent us from fulfilling certain product delivery, installation, warranty, and/or service commitments to affected customers. This may require us to issue refunds for customer prepayments and may lead to disputes, claims for damages, litigation and possible liabilities for the Company. In addition, we hold inventory of products that may be affected by trade-related government actions, or by potential order cancellations. While we take steps to mitigate our exposure in this regard, if the sale of these products is cancelled or delayed and we are unable to return or dispose of this inventory on favorable economic terms, we may incur additional carrying costs for the inventory or otherwise record charges associated with this inventory.

We may be unable to obtain required export licenses for the sale of our products.

Whether with respect to sales to customers located in China or otherwise, products which (i) are manufactured in the United States, (ii) incorporate controlled U.S. origin parts, technology, or software, or (iii) are based on certain U.S. technology or made using certain tools with a U.S. nexus, are subject to the U.S. Export Administration Regulations ("EAR") when exported, re-exported, or transferred to or within international jurisdictions. Local jurisdictions' export regulations may also be applicable to individual shipments. Currently, our laser annealing, MOCVD, MBE, SiC and certain other systems and products are controlled for export under the EAR. Licenses or proper license exceptions may be required for the shipment of our products to or within certain customers or countries. Obtaining an export license or determining whether an export license exception exists often requires considerable effort by us and cooperation from the customer, which can add time to the order fulfillment process. We may be unable to obtain required export licenses or qualify for export license exceptions and, as a result, we may be unable to export products to our customers and/or meet their servicing needs (potentially requiring us to refund customer prepayments for unperformed contractual obligations). Furthermore, circumstances may arise where shipments are detained or export clearance is uncertain, which may impact the timing of revenue recognition or our ability to recognize revenue at all. Non-compliance with the EAR or other applicable export regulations could result in a wide range of penalties including the denial of export privileges, fines, criminal penalties, and the seizure of commodities. In the event that an export regulatory body determines that any of our shipments violate applicable regulations, we could be fined significant sums and our export capabilities could be restricted, which could have a material adverse impact on our business and reputation.

We are exposed to risks and uncertainties related to changes in global trade policies, global trade disputes, and increased tariffs.

In February of 2025, the U.S. Government issued proclamations imposing a 25% tariff on imports of steel and aluminum products (including derivative products). In April 2025, the U.S. Government announced a baseline tariff of 10% on imported products from all countries, plus additional individualized reciprocal tariffs on countries with whom the United States has the largest trade deficits. In response, affected foreign countries, including China and members of the European Union, announced, threatened and imposed retaliatory tariffs on U.S. imports. The tariff landscape continues to shift and evolve (including the recent Supreme Court decision on the legality of certain tariffs), creating considerable uncertainty for U.S. manufacturers, particularly those – such as Veeco – with global sales, supply chains and international operations.

Tariffs and other duties have increased, and will likely continue to increase, the cost of our parts and components. These increased costs have negatively impacted our margins and have caused us, in certain instances, to increase our prices to our customers, which may reduce demand for our products. Our customers, who may be confronted with the prospect of price and/or cost increases resulting from U.S. tariffs and tariffs imposed by their home country governments, may seek to cancel equipment orders with us, attempt to renegotiate terms in a manner unfavorable to Veeco, or cease to do business with us altogether. Furthermore, the current tariff landscape favors certain of our competitors with foreign manufacturing operations, which are not subject to U.S. tariffs nor foreign country tariffs imposed on the import of U.S. origin products.

The volatility and unpredictability of international trade policies and conditions add further complexity to our operations, making it extremely challenging to forecast and plan effectively. We are not able to predict future trade policy of the United States or of any foreign country in which we do business. The continuation or exacerbation of the current trade environment will adversely impact our costs and the demand for our products, which in turn could have a material adverse effect on our business, operating results and financial condition.

The timing of our orders, shipments, and revenue recognition may cause our quarterly operating results to fluctuate significantly.

We derive a substantial portion of our net sales in any fiscal period from the sale of relatively small number of high-priced systems. As a result, the timing for the recognition of revenue for a single transaction could have a material effect on our sales and operating results for a particular fiscal period. As is typical in our industry, orders and shipments often occur during the last few weeks of a quarter. As a result, a delay of only a week or two can impact which period revenue is reported and can cause volatility in our revenue for a given reporting period. Our quarterly results have fluctuated significantly in the past and we expect this trend to continue.

We face significant competition.

We face significant competition throughout the world, which may increase as certain markets in which we operate continue to evolve. Some of our competitors have greater financial, engineering, manufacturing, and marketing resources than us. Other competitors are located in regions with lower labor costs and other reduced costs of operation. In addition, our ability to compete in foreign countries against local manufacturers may be hampered by nationalism, social attitudes, laws, regulations, and policies within such countries that favor local companies over U.S. companies or that are otherwise designed to promote the development and growth of local competitors. Furthermore, we face competition from smaller emerging equipment companies whose strategy is to provide a portion of the products and services we offer, with a focused approach on innovative technology for specialized markets. New product introductions or enhancements by us or our competitors could cause a decline in sales or loss of market acceptance of our existing or prior generation products. Increased competitive pressure could also lead to intensified price competition resulting in lower profit margins.

We operate in industries characterized by rapid technological change.

Each of the industries in which we operate is subject to rapid technological change. Our ability to remain competitive depends on our ability to enhance existing products and develop and manufacture new products in a timely and cost effective manner and to accurately predict technology transitions. Our performance may be adversely affected if we are unable to accurately predict evolving market trends and related customer needs and to effectively allocate our resources among new and existing products and technologies.

The semiconductor industry, characterized by a high frequency and complexity of technology transitions and inflections, poses unique risks and challenges, including increasingly exacting standards and requirements for performance from Tier 1 customers. Our ability to successfully compete in this market will depend on our ability to address and manage a number of industry-specific risks, including without limitation the following:

- the heightened cost of research and development, associated with matters such as shrinking geometries, complex device structures, multiple applications and process steps, and the use of new materials;
- customer demands for shorter cycle times between order placements and product shipments, which will necessitate accurate forecasting of customer investment;
- customer demands for continuous reductions in the total cost of manufacturing system ownership, together with challenging equipment service demands and the resulting need for us to properly allocate our service resources;
- the number of types and varieties of semiconductors and number of applications across multiple substrate sizes;
- the need to reduce product development time, despite increasingly difficult technical challenges;
- our customers' ability to reconfigure and re-use our equipment, resulting in reduced demand for new equipment or services from us; and
- the importance of establishing market positions in segments with growing demand.

If we fail to properly allocate appropriate resources, successfully develop and commercialize products to meet customer demand, and effectively anticipate industry trends, our business and results of operations may be adversely impacted.

In addition, the semiconductor industry has experienced, and may continue to experience, significant consolidation, among both semiconductor manufacturers and manufacturing equipment suppliers. Larger competitors resulting from consolidations may have certain advantages over us, including but not limited to more efficient cost structures, substantially greater financial and other resources, greater presence in key markets, and greater name recognition. Consolidation among our competitors and integration among our customers could erode our market share, negatively impact our ability to compete, and have a material adverse effect on our business.

We are also exposed to potential risks associated with unexpected product performance issues. Our product designs and manufacturing processes are complex and could contain unexpected product defects, especially when products are first introduced. Unexpected product performance issues could result in significant costs and damages, including increased service and warranty expenses, the need to provide product replacements or modifications, reimbursement for damages caused by our products, product recalls, related litigation, product write-offs, and disposal costs. Product defects could also result in personal injury or property damage, claims for which may exceed our existing insurance coverages (as may other claims, notwithstanding our efforts to maintain a program of insurance coverage for a variety of property, casualty and other risks). These and other costs could be substantial and our reputation could be harmed, resulting in a reduced demand for our products and a negative impact to our business.

We are exposed to risks related to the use of artificial intelligence by us and by our competitors.

Our success is subject to the risk of future disruptive technologies, including machine learning and artificial intelligence ("AI"). While such technologies offer significant opportunities, they also pose complex and novel risks, including operational risks (such as factual errors or inaccuracies in work product developed using AI), the unintended release of proprietary information, costs of compliance associated with evolving AI laws, regulations and standards, privacy concerns with respect to data dissemination, risks related to intellectual property rights (with respect to both the inputs to the program and ownership rights to AI work product), and risks related to AI's impact on the workforce. AI technology is complex and rapidly evolving and its implementation can be costly. There is no guarantee that our use of AI will

enhance our technologies, benefit our business operations, or produce products and services that are preferred by our customers. Our competitors may be more successful in their use of AI and may develop superior products and services. While it is not possible at this point to accurately identify or predict all of the risks related to the use of AI technologies, our failure to properly anticipate and timely respond to AI-related developments could adversely affect our business, financial condition, and results of operations.

Certain of our sales are dependent on the demand for consumer electronic products and automobiles, which can experience significant volatility.

The demand for semiconductors, HDDs and other devices is highly dependent on sales of consumer electronic products, such as smartphones, laptops, tablets and wearable devices. In addition, as a result of the growing automotive semiconductor market, semiconductor demand is also heavily influenced by the demand for automobiles. Factors that could affect the levels of spending on consumer electronic products and automobiles include consumer confidence, access to credit, volatility in fuel and other energy costs, conditions in the residential real estate and mortgage markets, labor and healthcare costs, and other macroeconomic factors affecting consumer spending behavior. The emergence of new or competing technologies may also affect demand for consumer electronic products. These and other factors have had and could continue to have an adverse effect on the demand for our customers' products and, in turn, on our customers' demand for our products and services. Furthermore, in the past, some of our customers have overestimated their potential for market share growth. If this growth is overestimated, we may experience cancellations of orders in backlog, rescheduling of customer deliveries, obsolete inventory, and liabilities to our suppliers for products no longer needed. Alternatively, changes that result in sudden increases in demand for consumer electronic products and automobiles may result in a shortage of parts and materials needed to manufacture our products, and attendant shipping delays (both to us and to our customers) and/or the cancellation of orders placed by our customers.

We have a concentrated customer base, located primarily in a limited number of regions, which operates in highly concentrated industries.

Our customer base continues to be highly concentrated. Orders from a relatively limited number of customers have accounted for, and likely will continue to account for, a substantial portion of our net sales, which may allow customers to demand pricing and other terms less favorable to us (including extended warranties, indemnification commitments, and the obligation to continue production of older products). Customer consolidation activity involving some of our largest customers could result in an even greater concentration of our sales in the future. Management changes at key customer accounts could result in a loss of future sales due to vendor preferences or other reasons and may introduce new challenges in managing customer relationships.

If these principal customers discontinue their relationship with us or suffer economic setbacks, our business, financial condition, and operating results could be materially and adversely affected. Our ability to increase sales in the future will depend in part upon our ability to obtain orders from new customers and we cannot be certain that we will be successful in these efforts. In addition, because a relatively small number of large manufacturers, many of whom are our customers, dominate the industries in which they operate, it may be especially difficult for us to replace these customers if we lose their business. A significant portion of orders in our backlog are orders from our principal customers.

In addition, a substantial investment is required by customers to install and integrate capital equipment into a production line. As a result, once a manufacturer has selected a particular vendor to supply capital equipment, the manufacturer will often attempt to consolidate its other capital equipment requirements with the same vendor. Accordingly, if a customer selects a competitor's product over ours, we could experience difficulty selling to that customer for a significant period of time. Furthermore, we typically do not have long-term contracts with our customers. As a result, our agreements with our customers do not provide assurance of future sales, and we are exposed to competitive price pressures on new orders we attempt to obtain.

Our customer base is also highly concentrated in terms of geography, and the majority of our sales are to customers located in a limited number of countries. Dependence upon sales emanating from a limited number of regions increases our risk of exposure to local difficulties and challenges, such as those associated with regional economic downturns, political instability, trade wars and other trade disruptions, fluctuating currency exchange rates, natural disasters, social

unrest, regional epidemics, terrorism, and acts of war. Our reliance upon customer demand arising primarily from a limited number of countries could materially and adversely impact our future results of operations.

The cyclical nature of the industries we serve directly affects our business.

Our business depends in large part upon the capital expenditures of manufacturers in our four end-markets: Semiconductor; Compound Semiconductor; Data Storage; and Scientific & Other. We are subject to the business cycles of these industries, the timing, length, and volatility of which are difficult to predict. These industries have historically been highly cyclical and have experienced significant economic downturns in the last decade. As a capital equipment provider, our revenue depends in large part on the spending patterns of our customers, who often delay expenditures or cancel or reschedule orders in reaction to variations in their businesses or general economic conditions. In downturns, we must be able to quickly and effectively align our costs with prevailing market conditions, as well as motivate and retain key employees. However, because a portion of our costs are fixed, our ability to reduce expenses quickly in response to revenue shortfalls may be limited. Downturns in one or more of these industries have had, and will likely have, a material adverse effect on our business, financial condition, and operating results. Alternatively, during periods of rapid growth, we must be able to acquire and develop sufficient manufacturing capacity to meet customer demand and attract, hire, assimilate, and retain a sufficient number of qualified people. Our net sales and operating results may be negatively affected if we fail to accurately predict and effectively respond.

Our failure to estimate customer demand accurately could result in inventory obsolescence, liabilities to our suppliers for products no longer needed, and manufacturing interruptions or delays which could affect our ability to meet customer demand.

The success of our business depends in part on our ability to accurately forecast and supply equipment and services that meet the rapidly changing technical and volume requirements of our customers. To meet these demands, we depend on the timely delivery of parts, components, and subassemblies from our suppliers. Uncertain worldwide economic conditions and market instabilities make it difficult for us (and our customers) to accurately forecast future product demand. If actual demand for our products is different than expected, we may purchase more or fewer parts than necessary or incur costs for canceling, postponing, or expediting delivery of parts. If we overestimate the demand for our products, excess inventory could result which could be subject to heavy price discounting, which could become obsolete, and which could subject us to liabilities to our suppliers for products no longer needed. Similarly, we may be harmed in the event that our competitors overestimate the demand for their products and engage in heavy price discounting practices as a result. In addition, the volatility of demand for capital equipment poses risks for companies in our supply chain, including challenges associated with inventory management and fluctuating working capital requirements.

Furthermore, certain key parts may be subject to long lead-times or may be obtainable only from a single supplier or limited group of suppliers, and some sourcing and assembly is provided by suppliers located in countries other than the United States. We may experience significant interruptions in our manufacturing operations, delays in our ability to timely deliver products or services, increased costs, or customer order cancellations as a result of:

- the failure or inability of our suppliers to timely deliver quality parts;
- volatility in the availability and cost of materials;
- difficulties or delays in obtaining required import or export approvals;
- information technology or infrastructure failures;
- natural disasters and other events beyond our control, such as earthquakes, tsunamis, fires, floods, storms, power outages and potential impacts of climate change; or
- other causes such as regional or global economic downturns or recessions, international trade disruptions, health epidemics, political instability, terrorism, or acts of war, which could result in delayed deliveries, manufacturing inefficiencies, increased costs, or order cancellations.

In addition, in the event of an unanticipated increase in demand for our products, our need to rapidly increase our business and manufacturing capacity may be limited by our working capital constraints and those of our suppliers, which may cause or exacerbate interruptions in our manufacturing and supply chain operations. Any or all of these factors could materially and adversely affect our business, financial condition, and results of operations.

We rely on a limited number of suppliers, some of whom are our sole source for particular components.

Certain of the parts, components, and sub-assemblies included in our products are obtained from a single source or a limited group of suppliers. Our inability to develop alternative sources, as necessary, could result in a prolonged interruption in our ability to supply related products, a failure on our part to meet the demands of our customers, and a significant increase in the price of related products, which could adversely affect our business, financial condition, and results of operations.

Our failure to successfully manage our outsourcing activities or failure of our outsourcing partners to perform as anticipated could adversely affect our results of operations.

To better align our costs with market conditions, increase the percentage of variable costs relative to total costs, and increase productivity and operational efficiency, we have outsourced certain functions to third parties, including the manufacture of several of our systems. While we maintain some level of internal manufacturing capability for these systems, we rely on our outsourcing partners to perform their contracted functions to allow us flexibility to adapt to changing market conditions, including periods of significantly diminished order volumes. If our outsourcing partners do not perform as required, or if our outsourcing efforts do not allow us to realize the intended cost savings and flexibility, our results of operations (and those of our third-party providers) may be adversely affected. Disputes and possibly litigation involving third party providers could result and we could suffer damage to our reputation. Dependence on outsourcing may also adversely affect our ability to bring new products to market. Although we attempt to select reputable providers, one or more of these providers could fail to perform as we expect. If we do not effectively manage our outsourcing efforts or if third party providers do not perform as anticipated, we may not realize the benefits of productivity improvements and we may experience operational difficulties, increased costs, manufacturing and installation interruptions or delays, inefficiencies in the structure and operation of our supply chain, loss of intellectual property rights, quality issues, increased product time-to-market, and an inefficient allocation of our human resources, any or all of which could materially and adversely affect our business, financial condition, and results of operations.

Our sales cycle is long and unpredictable.

Historically, we have experienced long and unpredictable sales cycles (the period between our initial contact with a potential customer and the time that we recognize revenue from resulting sales to that customer). It is not uncommon for our sales cycle to exceed twelve months. The timing of an order often depends on our customer's capital expenditure budget, over which we have no control. In addition, the time it takes us to procure and build a product to customer specifications typically ranges from three to twelve months. When coupled with the fluctuating amount of time required for shipment and installation, our sales cycles often vary widely, and these variations can cause fluctuations in our operating results. As a result of our lengthy sales cycles, we may incur significant research and development, selling, general, and administrative expenses before we generate revenue for these products. We may never generate the anticipated revenue if a customer cancels or otherwise changes its purchase plans, or if our evaluation systems do not satisfy customer requirements (which could result in working capital constraints, excess inventory or inventory obsolescence, and other harm to the Company). These risks are particularly prevalent in the semiconductor market, which is often characterized by long customer qualification times, typically twelve to eighteen months. Once qualified, the ramp to volume production can take an additional extended period of time, often twelve to twenty-four months. During these periods, little to no revenue will be recognized by us, while we will continue to incur research and development costs. Despite our efforts, our products may never be qualified and may never achieve design-tool-of-record ("DTOR") or production-tool-of-record ("PTOR") status, and our financial condition and results of operations may be materially and adversely affected.

Our backlog is subject to customer cancellation or modification which could result in decreased sales, increased inventory obsolescence, and liabilities to our suppliers for products no longer needed.

Customer purchase orders may be cancelled or rescheduled by the customer, sometimes with limited or no penalties, which may result in increased or unrecoverable costs for the Company. We adjust our backlog for such cancellations and contract modifications, among other items. A downturn in one or more of our businesses could result in an increase in

order cancellations and postponements. Also, our backlog may be impacted if we are unable to complete shipments to customers because of export control issues.

We write-off excess and obsolete inventory based on historical trends, future usage forecasts, and other factors including the amount of backlog we have on hand. If our backlog is canceled or modified, our estimates of future product demand may prove to be inaccurate, in which case we may have understated the reserves required for excess and obsolete inventory. In the future, if we determine that our inventory is overvalued, we will be required to recognize the associated costs in our financial statements at the time of such determination. In addition, we place orders with our suppliers based on our customers' orders. If our customers cancel their orders with us, we may not be able to cancel our orders with our suppliers. Resulting charges could have a material adverse effect on our results of operations and financial condition.

We are exposed to risks associated with business combinations, acquisitions, strategic investments and divestitures.

We have completed several significant acquisitions and investments in the past (including our 2023 acquisition of Epiluvac AB, a producer of SiC-based products and technology), and we will consider new opportunities in the future. Acquisitions, investments and other business combinations involve numerous risks, many of which are unpredictable and beyond our control, including the following:

- the failure of the transaction to advance our business strategies and the failure of its anticipated benefits to materialize;
- difficulties and costs, including the diversion of management's attention, in integrating new personnel, operations, technologies, and products;
- the inability to complete the proposed transaction in a timely manner, if at all, due to our inability to obtain required government or other approvals without burdensome conditions, or due to other reasons, resulting in obligations to pay professional and other expenses, including any applicable termination fees;
- unknown, underestimated, and undisclosed commitments or liabilities;
- increased amortization expenses relating to intangible assets; and
- other adverse effects on our business, including the potential impairment and write-down of amounts capitalized as intangible assets and goodwill as part of the transaction, as a result of such matters as technological advancements or worse-than-expected performance by an acquired company.

If we issue equity securities to pay for an acquisition or investment, the ownership percentage of our then-current shareholders would be reduced and the value of the shares held by these shareholders could be diluted, which could adversely affect the price of our stock. If we use cash to pay for an acquisition or investment, the payment could significantly reduce the cash that would be available to fund our operations, pay our indebtedness, or be used for other purposes, which could have a negative effect on our business.

In addition, we continually assess the strategic fit of our businesses and may from time to time seek to divest portions of our Company that no longer fit our strategic plan. Divestitures involve significant risks and uncertainties, including the ability to sell such businesses at satisfactory prices, on acceptable terms, and in a timely manner. Divestitures may also disrupt other parts of our businesses, distract the attention of our management, result in a loss of key employees or customers, and require that we allocate internal resources that would otherwise be devoted to operating our existing businesses. Divestitures may expose us to unanticipated liabilities (including those arising from representations and warranties made to a buyer regarding the businesses) and to ongoing obligations to support the businesses following such divestitures, any and all of which could adversely affect our financial condition and results of operations.

As a general principle, we seek to invest our capital in areas that we believe best align with our business strategy and will help optimize future returns. Our capital investments may not generate the expected returns or hoped-for results. We may not be able to obtain desired grants, investment tax credits, or other governmental incentives, such as funding through the U.S. CHIPS and Science Act of 2022. Significant judgment is required when assessing and selecting capital investments, and we could invest in projects that are ultimately less profitable than other projects which we do not select, ultimately harming our business, results of operations and financial condition.

We are exposed to various risks associated with global regulatory requirements.

As a public company with global operations, we are subject to the laws of the United States and multiple foreign jurisdictions, and the rules and regulations of various governing bodies, which may differ among jurisdictions. We are required to comply with legal and regulatory requirements pertaining to such matters as data privacy, anti-corruption, labor laws, immigration, accounting standards, financial disclosures, taxes, cybersecurity, customs, trade, corporate governance, conflict minerals, and antitrust regulations, among others. In addition, we are required to comply with laws and regulations pertaining to carbon emissions and other regulatory requirements addressing climate change concerns. These laws and regulations, which are ever-evolving and at times complex and inconsistent, impose costs on our business and divert management time and attention from revenue-generating activities. Changes to or ambiguities in these laws and regulations may create uncertainty regarding our compliance requirements. While we intend to comply with these regulatory requirements, if we are found by a court or regulatory agency to have failed in these efforts, our business, financial condition, and results of operations could be adversely affected.

Risks Related to Intellectual Property and Cybersecurity

Disruptions in our information technology systems or data security incidents could result in significant financial, legal, regulatory, business, and reputational harm to us.

We are increasingly dependent on information technology systems and infrastructure, including mobile technologies, to operate our business. In the ordinary course of our business, we collect, store, process and transmit significant amounts of sensitive information, including intellectual property, proprietary business information, personally-identifiable information of individuals, and other confidential information, including that of our customers and other business partners. It is critical that we do so in a secure manner to maintain the confidentiality, integrity, and availability of this sensitive information. We have also outsourced elements of our operations (including elements of our information technology infrastructure) to third parties, and as a result, we manage a number of third-party vendors who have access to our computer networks and our confidential information.

All information systems are subject to breach and disruption. Potential vulnerabilities can be exploited from inadvertent or intentional actions of our employees, third-party vendors, business partners, or by malicious third parties. Attacks of this nature are increasing in their frequency, levels of persistence, sophistication, and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of expertise and motives (including industrial espionage), including organized criminal groups, nation states, and others. In addition to the extraction of sensitive information, attacks could include the deployment of harmful malware, ransomware, or other means which could affect service reliability and threaten the confidentiality, integrity, and availability of information. These risks have been exacerbated by an increase in employees working from home, global conflicts and geopolitical tensions (including increasing tension between the U.S. and China governments), and by the possible use of new technologies, including AI and quantum computing, to directly attack information systems with greater speed and efficiency than human bad actors.

We have experienced, and our third-party providers have experienced, cybersecurity attacks, some of which have been, and may continue to be, successful. Significant disruptions in our information technology systems (or those of our key suppliers, contract manufacturers, distributors, sales agents and other partners) or other data security incidents could adversely affect our business operations and result in the loss or misappropriation of, and unauthorized access to, sensitive information. Future or ongoing disruptions or incidents, whether from attacks on our technology environment or from computer viruses, natural disasters, terrorism, war or other causes, could result in a material disruption in our business operations, force us to incur significant costs and engage in litigation, harm our reputation, and subject us to liability under laws, regulations, and contractual obligations.

We may be unable to effectively enforce and protect our intellectual property rights.

Our success depends in part upon the protection of our intellectual property rights. We rely primarily on patent, copyright, trademark, and trade secret laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our proprietary information, technologies, processes, and brand identity. We own various U.S. and international patents and have additional pending patent applications relating to certain of our products and technologies.

The process of seeking patent protection is lengthy and expensive, and we cannot be certain that pending or future applications will result in issued patents or in patents which provide meaningful protection or commercial advantage. In addition, our intellectual property rights may be circumvented, invalidated, or rendered obsolete by the rapid pace of technological change, or through efforts by others to reverse engineer our products or design around patents that we own. Policing unauthorized use of our products and technologies is difficult and time consuming and the laws of other countries may not protect our proprietary rights as fully or as readily as U.S. laws. Given these limitations, our success will depend in part upon our ability to innovate ahead of our competitors.

In addition, our outsourcing efforts require that we share certain portions of our technology with our outsourcing partners, which poses additional risks of infringement and trade secret misappropriation. Infringement of our rights by a third party, possibly for purposes of developing and selling competing products, could result in uncompensated lost market and revenue opportunities. Similar exposure could result in the event that former employees seek to compete with us through their unauthorized use of our intellectual property and proprietary information. We cannot be certain that the protective steps and measures we have taken will prevent the misappropriation or unauthorized use of our proprietary information and technologies, nor can we be certain that applicable intellectual property laws, regulations, and policies will not be changed in a manner detrimental to the sale or use of our products.

Litigation has been required in the past, and may be required in the future, to enforce our intellectual property rights, protect our trade secrets, and to determine the validity and scope of proprietary rights of others. As a result of any such litigation, we could lose our ability to enforce one or more patents, incur substantial costs, and jeopardize relationships with current or prospective customers or suppliers. Any action we take to enforce or defend our intellectual property rights could absorb significant management time and attention, and could otherwise negatively impact our operating results.

We may be subject to claims of intellectual property infringement by others.

We receive communications from time to time from other parties asserting the existence of patent or other rights which they believe cover certain of our products. We also periodically receive notices from customers who believe that we are required to indemnify them for damages they may incur related to infringement claims made against these customers by third parties. Our customary practice is to evaluate such assertions and to consider the available alternatives, including whether to seek a license, if appropriate. However, we cannot ensure that licenses can be obtained or, if obtained, will be on acceptable terms or that costly litigation or other administrative proceedings will not occur. If we are not able to resolve a claim, negotiate a settlement of the matter, obtain necessary licenses on commercially reasonable terms, or successfully prosecute and defend our position, our business, financial condition, and results of operations could be materially and adversely affected.

Financial, Accounting and Capital Market Risks

Our operating results may be adversely affected by tightening credit markets.

As a global company with worldwide operations, we are subject to volatility and adverse consequences associated with economic downturns and recessions in different parts of the world. In the event of a downturn, many of our customers may delay or reduce their purchases of our products and services. If negative conditions in the credit markets, including increases in interest rates, prevent our customers from obtaining credit or necessary financing, product orders in these channels may decrease, which could result in lower revenue. In addition, we may experience cancellations of orders in backlog, rescheduling of customer deliveries, and attendant pricing pressures. If our suppliers face challenges in obtaining credit, in selling their products, or otherwise in operating their businesses, their ability to continue to supply materials to us may be negatively affected.

In addition, we finance some of our sales through trade credit. In addition to ongoing credit evaluations of our customers' financial condition, we seek to mitigate our credit risk by obtaining deposits and letters of credit on certain of our sales arrangements. We could suffer significant losses if a customer whose accounts receivable we have not secured fails or is otherwise unable to pay us, or if financial institutions providing letters of credit become insolvent. A loss in collections on our accounts receivable would have a negative impact on our financial condition and results of operations.

We are subject to foreign currency exchange risks.

We are exposed to foreign currency exchange rate risks that are inherent in our anticipated sales, purchase commitments, and assets and liabilities that are denominated in currencies other than the U.S. dollar. Although we attempt to mitigate our exposure to fluctuations in currency exchange rates, hedging activities may not always be available or adequate to mitigate the impact of our exchange rate exposure. Failure to sufficiently hedge or otherwise properly manage foreign currency risks could materially and adversely affect our financial condition, results of operations, and liquidity.

We may be required to take impairment charges on assets.

We are required to assess goodwill and indefinite-lived intangible assets annually for impairment, or on an interim basis whenever certain events occur or circumstances change, such as an adverse change in business climate or a decline in the overall industry, that would more likely than not reduce fair values below carrying amounts.

As part of our long-term strategy, we may pursue future acquisitions of, or investments in, other companies or assets which could increase our assets. We are required to test certain of our assets, including acquired intangible assets, property, plant, and equipment, and equity investments without readily observable market prices, for recoverability and impairment whenever there are indicators of impairment such as an adverse change in business climate. Adverse changes in business conditions or worse-than-expected performance by acquired companies could negatively impact our estimates of future operations and result in impairment charges to acquired assets. For example, during the fourth quarter of 2024, we recorded an asset impairment charge of \$28.1 million related to the intangible assets acquired as part of our acquisition of Epiluvac AB. If our assets are further impaired, our financial condition and results of operations could be materially and adversely affected.

Changes in accounting pronouncements or taxation rules, practices, or rates may adversely affect our financial results.

Changes in, or newly enacted, accounting pronouncements or taxation rules, practices or rates can materially affect our revenue recognition practices, effective tax rates, results of operations, and our financial condition. In addition, varying interpretations of accounting pronouncements or taxation practices, and the questioning of our current or past practices, may adversely affect our reported financial results.

Recommendations made pursuant to the Organization for Economic Cooperation and Development's ("OECD") Base Erosion and Profit Shifting ("BEPS") project have led to changes in tax laws in numerous countries and could increase our tax obligations in countries where we do business. As part of BEPS 2.0, the OECD has focused on ensuring multinational businesses with consolidated global revenues in excess of 750 million euros pay their tax in the 'right place' (Pillar 1) and at least a 15% 'minimum rate' (Pillar 2) or higher in every jurisdiction in which they operate. In January 2026, the OECD released a "side-by-side" package introducing new safe harbors and providing an exemption for U.S.-based multinational companies from parts of the global minimum tax framework. This guidance is intended to simplify compliance and is generally favorable to the Company; it needs to be adopted by each country to be considered enacted for financial accounting purposes. We may be subject to the Pillar Two requirements in the future should our global revenues exceed the Pillar Two thresholds. In addition, changes to U.S. tax laws will significantly impact how U.S. multinational corporations are taxed on U.S. and foreign earnings. On July 4, 2025, the enactment of the One Big Beautiful Bill Act ("OBBA") provides significant corporate tax reforms, including the permanent reinstatement of deducting domestic research and development expenditures, and modifying the Global Intangible Low-Taxed Income ("GILTI") and Foreign-Derived Intangible Income ("FDII") rules. While we do not currently expect Pillar Two and OBBA to have a material impact on our effective tax rate, we are in the process of assessing and monitoring potential impacts and developments. These and other developments or changes in federal or international tax laws, rules, practices or rates (including future changes or modifications to existing practices) could have an adverse material impact on our ability to utilize our deferred tax attributes, our effective tax rate and results of operations, including cash flows and financial position.

In addition, as of each reporting date, we evaluate the realizability of our deferred tax assets which may result in the

recognition and/or release of a valuation allowance. Any changes in the valuation allowance will have a direct impact on our effective tax rate. The realization of net deferred tax assets relies on our ability to generate future taxable income, and, as such, if the Company is unable to generate sufficient future taxable income, we may not obtain the full benefit of these deferred tax assets.

Finally, we are subject to income tax on a jurisdictional or legal entity basis and significant judgment is required in certain instances to allocate our taxable income to a jurisdiction and to determine the related income tax expense and benefits. Losses in one jurisdiction generally may not be used to offset profits in other jurisdictions. As a result, changes in the mix of our earnings (or losses) between jurisdictions, among other factors, could alter our overall effective income tax rate, possibly resulting in significant tax rate increases. Furthermore, we are regularly audited by various tax authorities, and these audits may result in increased tax provisions which could negatively affect our operating results in the periods in which such determinations are made or changes occur.

Our current debt facilities may contain certain restrictions, covenants and repurchase provisions that may limit our ability to raise the funds necessary to meet our working capital needs, which may include the cash conversion of the Notes or repurchase of the Notes for cash upon a fundamental change.

As of December 31, 2025, we had \$230.0 million in principal amounts outstanding in 2029 Convertible Senior Notes (the “Notes”). In addition, as of December 31, 2025, we had an undrawn senior secured revolving credit facility (the “Credit Facility”) in an aggregate principal amount of \$250.0 million, including a \$15.0 million letter of credit sublimit.

These debt facilities (collectively, the “Debt Facilities”), contain certain covenant and other restrictions that may limit our ability to, among other things, incur additional debt or create liens, sell certain assets, and merge or consolidate with third parties, which may, in turn, preclude us from responding to changes in business and economic conditions, engaging in transactions that might otherwise be beneficial to us. Our ability to comply with some of these covenants is dependent on our future performance, which will be subject to many factors, some of which are beyond our control such as prevailing economic conditions. In addition, our failure to comply with these covenants could result in a default under the Debt Facilities, which could accelerate the debt. If any of our debt is accelerated, we may not have sufficient funds available to repay such debt, which could materially and negatively affect our financial condition and results of operation.

In addition, our ability to repurchase or to pay cash upon conversion of the Notes, or maturity of the Credit Facility, may be limited by law, by regulatory authority or by agreements governing our indebtedness that exist at the time of repurchase, conversion, or maturity. Our failure to settle the debt as required would constitute a default under the applicable debt facility and may lead to a default under the other debt facilities. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness.

Finally, holders of the Notes will have the right to require us to repurchase all or any portion of their Notes upon the occurrence of a fundamental change before the maturity date. Additionally, in the event the conditional conversion features of the Notes are triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert the Notes, or if a fundamental change occurs before maturity, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted, which could adversely impact our liquidity. Additionally, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the Notes surrendered therefor or pay cash with respect to the Notes being converted. In addition, even if holders do not elect to convert the Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which could result in a material reduction of our net working capital.

Issuance of our common stock, if any, upon conversion of the Notes, as well as the capped call transactions and the hedging activities of the option counterparties, may impair or reduce our ability to utilize or our research and development credits carryforwards in the future.

Pursuant to U.S. federal and state tax rules, a corporation is generally permitted to deduct from taxable income in any year net operating losses (“NOLs”) carried forward from prior years and to reduce from tax liabilities in any year foreign tax credits and R&D credits carried forward from prior years.

As of December 31, 2025, we had U.S. federal R&D credits carryforwards of approximately \$28.3 million expiring in varying amounts between 2040 and 2045. If we were to experience a “change in ownership” under Section 382 of the Internal Revenue Code (“Section 382”), the federal credits carry forward limitation under Section 383 of the Internal Revenue Code would impose an annual limit on the amount of tax liabilities that may be offset by R&D credits generated prior to the change in ownership. If an ownership change were to occur, we may be unable to use a significant portion of our R&D credit carryforwards to offset future tax liabilities.

The shares of common stock, if any, issued upon conversion of the Notes will, upon such issuance, be taken into account when determining the cumulative change in our ownership for Section 382 purposes. As a result, any conversion of the Notes that we elect to settle in shares may materially increase the risk that we could experience an ownership change for these purposes in the future.

Risks Related to the Merger with Axcelis Technologies, Inc.

The planned merger with Axcelis Technologies, Inc. is subject to certain closing conditions, including the receipt of consents and approvals from governmental authorities, which may impose unexpected delays in the completion of the merger, or the merger may not be completed at all.

On September 30, 2025, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Axcelis Technologies, Inc., a Delaware corporation (“Axcelis”), and Victory Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Axcelis (“Merger Sub”). Pursuant to the Merger Agreement, and subject to the satisfaction or waiver of the conditions specified therein, Merger Sub will merge with and into Veeco (the “Merger”), with Veeco surviving as a wholly-owned subsidiary of Axcelis. See Note 17 “Merger” for additional information.

The Merger is currently expected to close during the second half of 2026, assuming that all of the conditions in the Merger Agreement are satisfied or waived. The Merger Agreement provides that either we or Axcelis may terminate the Merger Agreement if the Merger has not occurred by September 30, 2026 (subject to automatic extensions until as late as June 30, 2027 under certain conditions with respect to the receipt of regulatory approvals). Certain events may delay the completion of the Merger or result in a termination of the Merger Agreement. Some of these events are outside the control of either party. In particular, completion of the Merger requires the receipt of various government approvals.

If the Merger Agreement is terminated by Axcelis following a recommendation change of our board of directors, we will be required to pay a termination fee of \$77,500,000 to Axcelis. In addition, if the Merger Agreement is terminated by Axcelis due to our 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 we will be required to pay a fixed expense reimbursement amount of \$15,000,000.

We may incur significant additional costs in connection with any delay in completing the Merger or termination of the Merger Agreement, in addition to significant transaction costs, including legal, financial advisory, accounting and other costs we have already incurred. We cannot provide any assurance that the conditions to the completion of the Merger will be satisfied or waived or that any adverse change, effect, event, circumstance, occurrence or state of facts that could give rise to the termination of the Merger Agreement will not occur, and we cannot provide any assurances as to whether or when the Merger will be completed on the terms or timeline set forth in the Merger Agreement or at all.

Failure to complete the Merger in a timely manner or at all could materially and adversely affect our stock price and future business and financial results.

We can provide no assurance that the Merger will occur or that the conditions to the Merger will be satisfied in a timely manner or at all. Also, we can provide no assurance that an event, change or other circumstance that could give rise to the termination of the Merger Agreement will not occur. Delays in completing the Merger or the failure to complete the Merger at all could materially and adversely affect our future business and financial results, and, in that event, the market price of our common stock may decline significantly, particularly to the extent that the current market price reflects a market assumption that the Merger will be completed. If the Merger is delayed for any reason, we will be subject to several risks, including the diversion of management focus and resources from operational matters and other strategic opportunities while working to complete the Merger, any of which could materially and adversely affect our business, financial condition, results of operations, cash flows, and stock price.

The pendency of the Merger could materially and adversely affect our business and operations.

In connection with the pending Merger, some of our current or prospective customers, suppliers and other vendors, lenders or other business counterparties may delay or defer decisions concerning their business relationships or transactions with us, which could negatively impact our sales and revenue generation, margins, operating expenses, and profitability, regardless of whether the Merger is completed. In addition, under the Merger Agreement, we are restricted from entering into certain corporate transactions and taking certain other specified actions, and requires that we conduct our business in all material respects in the ordinary course and consistent with past practice until the completion of the Merger or the termination of the Merger Agreement. These restrictions, which could be in place for an extended period of time if the completion of the Merger is delayed, could prevent us from pursuing attractive business opportunities that may arise prior to completion of the Merger or from making appropriate changes to business or organizational structure. This could in turn materially and adversely impact our business, financial condition and results of operations.

The pendency of the Merger may also make it more difficult for us to effectively recruit, retain and incentivize key personnel and may cause distractions from our strategy and day-to-day operations for our current employees and management. Further, uncertainty about the effect of the Merger on our employees may have a material adverse effect on us during the pendency of the Merger, as this uncertainty may impair our ability to retain and motivate key personnel during the pendency of the Merger and the combined company's ability to retain and motivate them following the Merger. Employee retention may be particularly challenging as our employees may experience frustration during the integration process and uncertainty about their future roles following consummation of the Merger.

Because the consideration to be received by our stockholders in connection with the Merger will include a fixed number of shares of Axcelis common stock, and the market price of such shares has fluctuated and will continue to fluctuate, our stockholders cannot be sure of the value of the consideration they will receive in the Merger.

Under the Merger Agreement, at the effective time of the Merger, each share of Veeco common stock (other than each share of Veeco common stock held in treasury or held or owned by Veeco, Axcelis or Merger Sub immediately prior to the effective time of the Merger) issued and outstanding immediately prior to the effective time of the Merger will be cancelled and converted into the right to receive 0.3575 newly issued shares of Axcelis common stock. The market value of the consideration our stockholders will receive in the Merger will therefore fluctuate with the market price of Axcelis common stock. The implied value of the Merger Consideration has fluctuated since the date of the announcement of the Merger Agreement and will continue to fluctuate until the date the Merger is completed, which could occur a considerable amount of time after the date hereof.

Prior to the completion of the Merger, the market price of Axcelis common stock, along with short selling activity in both our common stock and Axcelis common stock, has and is expected to continue to impact the market price of our common stock. The value of the merger consideration to be received by our stockholders has fluctuated since the date of the announcement of the Merger Agreement and will continue to fluctuate until the Merger is completed and thereafter. Accordingly, at the time of our special meeting, our stockholders will not know or be able to determine the market value of the consideration they would receive upon completion of the Merger. Stock price changes may result from a variety of factors, including, among others, interest rates, general market, industry, economic and geopolitical conditions, including

the impact of continued inflation and associated changes in monetary policy, short-selling activity, changes in and speculation regarding our and Axcelis' respective businesses, operations and prospects, market assessments of the likelihood that the Merger will be completed, the timing of the Merger and regulatory considerations. Many of these factors are beyond our and Axcelis' control.

Under Delaware law, our stockholders are not entitled to an appraisal of the fair value of their shares in connection with the Merger.

Under Delaware law, holders of our common stock are not entitled to an appraisal of the fair value of their shares in connection with the Merger. Appraisal rights are statutory rights that enable stockholders to dissent from certain extraordinary transactions, such as certain mergers, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with the applicable transaction. Under Delaware law, appraisal rights are not available for the shares of any class or series if the shares of the class or series are listed on a national securities exchange or held of record by more than 2,000 holders on the record date, unless the stockholders receive in exchange for their shares anything other than shares of stock of the surviving or resulting corporation or of any other corporation that is publicly listed or held by more than 2,000 holders of record, cash proceeds from the sale of fractional shares or fractional depository receipts or any combination of the foregoing. Our common stock is listed on the Nasdaq, and our stockholders will receive Axcelis common stock pursuant to the Merger Agreement and cash proceeds from the sale of fractional shares.

The market price of Axcelis common stock after the Merger may be affected by factors different from those affecting the market price of our common stock.

Upon completion of the Merger, holders of Veeco common stock will become holders of shares of Axcelis common stock. Our business differs from that of Axcelis in important respects, and, accordingly, the results of operations of Axcelis after the Merger, as well as the market price of Axcelis common stock, may be affected by factors different from those currently affecting our results of operations. Additionally, the market price of Axcelis common stock may fluctuate significantly following completion of the Merger.

Our current stockholders will have a reduced ownership interest and voting power in the combined company after the Merger.

Immediately following the Merger, our pre-Merger stockholders are expected to hold approximately 41.6% of the combined company's common stock and the pre-Merger stockholders of Axcelis are expected to hold approximately 58.4% of the combined company's common stock, in each case, calculated on a fully diluted basis.

Our stockholders and Axcelis' stockholders currently have the right to vote for their respective directors and on certain other matters affecting their respective companies. If and when the Merger occurs, each Veeco stockholder who receives shares of Axcelis common stock will become an Axcelis stockholder with a percentage ownership of Axcelis that will be smaller than the stockholder's current percentage ownership of Veeco (without considering such stockholder's current ownership of our common stock, if any). Accordingly, our pre-Merger stockholders will have less voting power in us than they now have in Veeco and will be able to exercise less influence over the management and policies of the combined company following the consummation of the Merger than they are able to exercise over Veeco immediately prior to the consummation of the Merger.

An adverse judgment in a lawsuit challenging the Merger may prevent the Merger from becoming effective or from becoming effective within the expected timeframe.

Our stockholders may file lawsuits challenging the Merger or the other transactions contemplated by the Merger Agreement, which may name us and/or our board of directors as defendants. We cannot provide any assurance as to the outcome of such lawsuits, including the amount of costs associated with defending these claims or any other liabilities that may be incurred in connection with the litigation of these claims. One of the conditions to the completion of the Merger is that no injunction by any governmental entity of competent jurisdiction, such as a court, is in effect that prohibits, restrains or makes illegal the consummation of the Merger. As such, if any future legal actions result in an

injunction prohibiting the consummation of the Merger, then such injunction may prevent the consummation of the Merger on the agreed terms, within the expected timeframe or at all, any of which could substantially harm our business. Whether or not any plaintiff's claim is successful, this type of litigation may result in significant costs and divert management's attention and resources, which could materially and adversely affect the operation of our business.

We are expected to incur significant costs in connection with the Merger and integration of the two companies, which may be in excess of those anticipated by us.

We have incurred and expect to continue to incur costs associated with negotiating and completing the Merger and combining the operations of the two companies. These costs have been, and will continue to be, substantial. The substantial majority of costs will consist of transaction costs related to the Merger and include, among others, fees paid to financial, legal and accounting advisors, filing fees, and employee retention and other employment-related costs. Many of these costs will be borne by us even if the Merger is not completed.

We will also incur transaction costs related to formulating and implementing integration plans, including facilities, systems and service contract consolidation costs and employment-related costs. We will continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred in connection with the Merger and the integration of the two companies' businesses. Although we expect that the elimination of duplicative costs, as well as the realization of other synergies related to the integration of the businesses, should allow the combined company to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all. The costs described above, as well as other unanticipated costs and expenses, could materially and adversely affect the results of operations, financial condition and cash flows of the combined company following the completion of the Merger.

The Merger Agreement contains provisions that limit our ability to pursue alternatives to the Merger, which could discourage a potential competing acquiror from making an alternative transaction proposal for greater consideration than what Axcelis has agreed to pay in the Merger.

The Merger Agreement contains provisions that preclude our ability to pursue alternatives to the Merger and require us to refrain from soliciting, initiating or knowingly encouraging or knowingly inducing, or taking any other action intentionally designed to facilitate, any inquiries or the making of any competing proposals from third parties or to engage in discussions or negotiations with third parties regarding any competing proposals, subject to certain exceptions. With respect to any unsolicited written, bona fide acquisition proposal that we receive, if it is deemed to be a superior proposal, Axcelis generally has an opportunity to offer to modify the terms of the Merger Agreement in response to such proposal before our board of directors may withdraw or modify its recommendation to stockholders in response to such acquisition proposal or terminate the Merger Agreement to enter into a definitive agreement with respect to such acquisition proposal. Upon termination of the Merger Agreement under circumstances relating to a superior proposal, we may be required to pay a termination fee of \$77,500,000 to Axcelis depending on the circumstances giving rise to the termination, which likely would discourage a potential third-party merger partner from making an alternative transaction proposal, even if it were prepared to pay consideration with a higher value than implied in the Merger, or cause such third-party to propose to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee.

Additionally, if the Merger Agreement is terminated and we determine to seek another business combination, we may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the Merger.

Directors and officers of Veeco may have interests in the Merger that may be different from, or in addition to, those of other our other stockholders, which could have influenced their decisions to support or approve the Merger.

Certain of our directors and officers have interests in the Merger that may differ from, or that are in addition to, their interests as our stockholders. William J. Miller, Ph.D., our Chief Executive Officer and a member of our board of directors, and certain other members of our board of directors, will continue as directors of the combined company after the consummation of the Merger, and will be eligible to be compensated as non-employee directors of the combined company. In addition, Dr. Miller, together with certain other Company officers, will be entitled to cash severance payments, certain health insurance coverage and the acceleration of outstanding equity awards in the event of an

involuntary termination in connection with a change of control of Veeco. Our board of directors (except for one (1) independent director who serves on the boards of both Axcelis and Veeco and thus recused himself) were aware of these interests at the time they approved the Merger Agreement. These interests may cause Dr. Miller and certain of our directors and officers to view the Merger differently than you may view it as a stockholder.

General Risk Factors

The price of our common shares is volatile and could decrease.

The stock market in general and the market for technology stocks in particular has experienced significant volatility. The trading price of our common shares has fluctuated significantly and could decline independent of the overall market, and shareholders could lose all or a substantial part of their investment. For example, in 2025 our stock price ranged from a closing high of \$33.10 to a closing low of \$17.35. The market price of our common shares could continue to fluctuate in response to several factors, including among others:

- difficult macroeconomic conditions, economic recessions, international trade disputes, unfavorable geopolitical events, and general stock market uncertainties, such as those occasioned by a global liquidity crisis and a failure of large financial institutions;
- actual or anticipated variations in our results of operations;
- issues associated with the performance of our products, or the performance of our internal systems such as our customer relationship management (“CRM”) system or our enterprise resource planning (“ERP”) system;
- announcements of financial developments or technological innovations;
- our failure to meet the performance estimates of investment research analysts;
- changes in recommendations and financial estimates by investment research analysts, and decisions by investment research analysts to cease coverage of our Company;
- margin trading, short sales, hedging and derivative transactions involving our common stock;
- our failure to successfully implement cost reduction initiatives and restructuring activities, if and when required;
- our failure to maintain an effective system of disclosure controls and internal control over financial reporting, which may result in our inability to timely and accurately report our financial results or difficulties in satisfying internal control evaluations and attestation requirements of Section 404 of the Sarbanes Oxley Act of 2002; and
- the commencement of, and rulings on, litigation and legal proceedings.

Securities class action litigation is often brought against a company following periods of volatility in the market price of its securities. These lawsuits, if and when brought, can result in substantial costs and a diversion of management’s attention and resources, which can adversely affect our financial condition, results of operations, and liquidity.

Our inability to attract, retain, and motivate employees could have a material adverse effect on our business.

Our success depends largely on our ability to attract, retain, and motivate employees, including those in executive, managerial, engineering and marketing positions, as well as highly skilled and qualified technical personnel. Competition for qualified design and technical personnel is intense, particularly in the semiconductor industry and especially when business cycles are improving. Competitors may try to recruit, and may succeed in recruiting, our most valuable technical employees. To attract and retain key employees, we must provide competitive compensation packages, including cash and stock-based compensation, among other benefits. If the value of our stock-based incentive awards decreases, or if our total compensation packages are not viewed as competitive, our ability to attract and retain key employees could suffer. We do not have key person life insurance on any of our executives, and we may not be able to readily replace key departed employees. Our inability to attract, retain, and motivate key personnel could have a significant negative effect on our business, financial condition, and results of operations.

We are subject to risks of non-compliance with environmental, health, and safety regulations.

We are subject to environmental, health, and safety regulations in connection with our business operations, including but not limited to regulations relating to the development, manufacture and use of our products, recycling and disposal of related materials, and the operation and use of our facilities and real property. Failure or inability to comply with existing or future environmental, health and safety regulations – including, for example, those relating to carbon emissions, climate change, and the use and sale of products containing hydrofluorocarbons and per- and polyfluoroalkyl substances -- could result in significant remediation liabilities, the imposition of fines, the suspension or termination of research, development, or use of certain of our products, and other harm to the Company, which could have a material adverse effect on our business, financial condition, and results of operations.

In addition, changes in environmental laws and regulations, including those relating to greenhouse gas emissions and other climate change matters, could require us (and/or our key suppliers, contract manufacturers and other partners) to install new equipment, alter operations to incorporate new technologies, or implement new processes, among other measures, which may cause us to incur significant costs and divert management attention.

We are committed to ensuring safe working conditions, treating our employees with dignity and respect, and sourcing, manufacturing, and distributing our products in a responsible and environmentally friendly manner, and any failure on our part to do so may cause reputational and other harm for the Company. Furthermore, some of our operations involve the storage, handling, and use of hazardous materials that may pose a risk of fire, explosion, or environmental release. Such events could result from acts of terrorism, natural disasters, or operational failures and may result in injury or loss of life to our employees and others, environmental contamination, and property damage. These events may cause a temporary shutdown of an affected facility, or portion thereof, and we could be subject to penalties or claims as a result. Each of these events could have a material adverse effect on our business, financial condition, and results of operations.

Our environmental, social and governance (“ESG”) goals and strategies could be costly to implement, and we are exposed to risks associated with failures to comply with evolving and varying sustainability-related requirements.

From time to time the Company communicates its strategies, commitments and targets relating to ESG matters, including initiatives pertaining to climate change and human rights, among others. These strategies, commitments and targets reflect our current plans and aspirations, and we may be unable to achieve them. Furthermore, the standards for measuring and reporting sustainability metrics may change over time and could result in significant revisions to our strategies, commitments and targets, or our ability to achieve them.

In addition, several of our key stakeholders -- including customers, investors, advisory firms and suppliers -- have established expectations pertaining to our sustainability practices. Third-party rating agencies have also established standards for a range of sustainability-related matters, which may be inconsistent and are subject to change. These expectations, standards and requirements may impact the manner in which we do business, our costs of doing business, our reputation, and the willingness of our stakeholders to engage with, invest in, or retain us.

We are also subject to various sustainability laws and regulations, such as the State of California’s climate change disclosure rules, and the European Union’s Corporate Sustainability Reporting Directive. Compliance with such laws and regulations, as well as increased scrutiny from regulators, could result in additional costs and expose us to new risks. Any failure to achieve or satisfy ESG-related regulations, requirements or targets could adversely impact the demand for our products, subject us to significant costs and liabilities, and result in reputational harm.

We have adopted certain measures that may have anti-takeover effects, which may make an acquisition of the Company by another company more difficult.

We have adopted, and may in the future adopt, certain measures that may have the effect of delaying, deferring, or preventing a takeover or other change in control of the Company, which a holder of our common stock may not consider to be in the holder's best interest. For example, our board of directors has the authority to issue up to 500,000 shares of preferred stock and to fix the rights (including voting rights), preferences and privileges of these shares ("blank check" preferred stock). Such preferred stock may have rights, including economic rights, senior to our common stock. As a result, the issuance of the preferred stock could have a material adverse effect on the price of our common stock and could make it more difficult for a third party to acquire a majority of our outstanding common stock.

In addition, our board of directors is divided into three classes with each class serving a staggered three-year term. The existence of a classified board makes it more difficult for our shareholders to change the composition of our board of directors, and therefore the Company's policies, in a relatively short period of time. Furthermore, we have adopted certain certificate of incorporation and bylaws provisions which have anti-takeover effects. These include: (a) requiring certain actions to be taken at a meeting of shareholders rather than by written consent, (b) requiring a super-majority of shareholders to approve certain amendments to our bylaws, (c) limiting the maximum number of directors, and (d) providing that directors may be removed only for cause. These measures and those described above may have the effect of delaying, deferring, or preventing a takeover or other change in control of the Company that a holder of our common stock may not consider to be in the holder's best interest. In addition, we are subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware, which prohibits a Delaware corporation from engaging in any business combination, including mergers and asset sales, with an interested stockholder (generally, a 15% or greater stockholder) for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. The operation of Section 203 may have anti-takeover effects, which could delay, defer, or prevent a takeover attempt that a holder of our common stock may not consider to be in the holder's best interest. Despite these measures, an activist shareholder could undertake action to implement governance, strategic, or other changes to the Company which a holder of our common stock may not consider to be in the holder's best interest. Such activities could interfere with our ability to execute our strategic plans, be costly and time consuming, disrupt our operations, and divert the attention of management and our employees.

Item 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

Cybersecurity represents a critical component of the Company's overall approach to risk management. Our cybersecurity practices are integrated into the Company's enterprise risk management ("ERM") approach, and cybersecurity risks are among the core enterprise risks identified for oversight by our Board of Directors and the Board's Audit Committee through our annual ERM assessment. Our cybersecurity policies and practices follow the cybersecurity framework of the National Institute of Standards and Technology and other applicable industry standards. We generally approach cybersecurity threats through a cross-functional, multi-layered approach, with the specific goals of: (i) identifying, preventing and mitigating cybersecurity threats to the Company; (ii) maintaining the confidence of our customers, clients and business partners; (iii) preserving the confidentiality of internal and external information; and (iv) protecting the Company's intellectual property.

Consistent with the Company's overall ERM practices, our cybersecurity program focuses on the following areas:

- **Vigilance:** The Company maintains a global presence, with cybersecurity threat operations operating 24/7 around the world with a specific goal of detecting, containing and responding to cybersecurity threats and incidents.
- **Collaboration:** The Company has established collaboration mechanisms with public and private entities, including intelligence and enforcement agencies, industry groups and third-party service providers to identify and assess cybersecurity risks.
- **Systems Safeguards:** The Company deploys technical safeguards that are designed to protect the Company's information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality, access controls and ongoing vulnerability assessments.
- **Third-Party Management:** The Company maintains a comprehensive, risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, such as vendors, service providers and other users of the Company's systems.
- **Education:** The Company provides periodic training for personnel regarding cybersecurity threats, with such training scaled to reflect the roles, responsibilities, and access of the relevant Company personnel.
- **Incident Response Planning:** The Company has established and maintains incident response plans that address the Company's response to a cybersecurity incident, and such plans are tested on an ongoing basis.
- **Communication and Coordination:** The Company utilizes a cross-functional approach to address the risk from cybersecurity threats and has formed an Information Security Leadership Group which includes management personnel from information technology, operations, legal, internal audit and other key business functions. The Information Security Leadership Group typically meets on a monthly basis, and more frequently as necessary.
- **Governance:** Pursuant to the Company's ERM practices, oversight of cybersecurity risk management has been assigned to the full Board and to the Board's Audit Committee. Quarterly updates are provided by Company management, including the Company's Chief Information Security Officer, to the Audit Committee (three times per year) and the full Board (annually), to help ensure an ongoing dialogue regarding the Company's cybersecurity initiatives, threats and incidents.

A key part of the Company's strategy for managing risks from cybersecurity threats is the ongoing assessment and testing of the Company's processes and practices through auditing, assessments, tabletop exercises and other exercises focused on evaluating effectiveness. The Company regularly engages third parties to perform assessments on our cybersecurity measures, including information security maturity assessments and independent reviews of our information security control environment and operating effectiveness and adjusts its cybersecurity processes and practices as necessary.

The Audit Committee oversees the management of risks from cybersecurity threats, including the policies, processes and practices that the Company's management implements to address risks from cybersecurity threats. Management's quarterly presentations include reports on a wide range of topics including, for example, recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to the Company's peers and vendors. The Board also receives prompt and timely information regarding any cybersecurity incident that could pose a significant risk to the Company and receives ongoing updates regarding such incident until it has been addressed. At least once each year, and more frequently as required, the Board discusses the Company's approach to cybersecurity risk management with the Company's Chief Information Security Officer.

The Company's Chief Information Security Officer is the member of the Company's management that is principally responsible for overseeing the Company's cybersecurity risk management program, in partnership with other members of the Information Security Leadership Group. Our Chief Information Security Officer has served in various roles in information technology and information security for over twenty years. Our Chief Information Security Officer holds graduate degrees in cybersecurity and business administration and has attained multiple professional certifications including CISSP, CISA and CISM.

The Company’s Chief Information Security Officer, in coordination with the Information Security Leadership Group, works collaboratively across the Company to implement a program designed to protect the Company’s information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents. To facilitate the success of this program, multi-disciplinary teams throughout the Company are deployed to address cybersecurity threats and to respond to cybersecurity incidents in accordance with the Company’s incident response plan. Through ongoing communications with these teams, the Chief Information Security Officer and the Information Security Leadership Group monitor the prevention, detection, mitigation and remediation of cybersecurity incidents in real time, and report such incidents to the Board when appropriate, as addressed above.

While we and our third-party providers have in the past experienced cybersecurity incidents, we are not aware of any current incidents or new types of threats which have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition.

Item 2. Properties

Our corporate headquarters and principal research and development, manufacturing, and sales and service facilities as of December 31, 2025 are as follows:

Owned Facilities Location	Approximate Size (sq. ft.)	Use
Plainview, NY	80,000	Corporate Headquarters; R&D; Sales & Service; Administration
Somerset, NJ	80,000	R&D; Manufacturing; Sales & Service; Administration
St. Paul, MN	43,000	R&D; Manufacturing; Sales & Service; Administration
Somerset, NJ	38,000	R&D; Sales & Service; Administration

Leased Facilities Location	Approximate Size (sq. ft.)	Use	Lease Expiration
San Jose, CA	100,000	R&D; Manufacturing; Sales & Service; Administration	2037
Somerset, NJ	57,000	Warehouse	2027
Horsham, PA	49,000	R&D; Manufacturing; Sales & Service; Administration	2033
Waltham, MA	17,000	R&D; Sales & Service; Administration	2030

In addition to the above, our foreign sales and service subsidiaries lease office space in China, Germany, Japan, Malaysia, Philippines, Singapore, South Korea, Thailand, and Taiwan. We believe our facilities are adequate to meet our current needs.

Item 3. Legal Proceedings

The discussion under the heading *Legal Proceedings* within Note 10, “Commitments and Contingencies” to the Consolidated Financial Statements is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

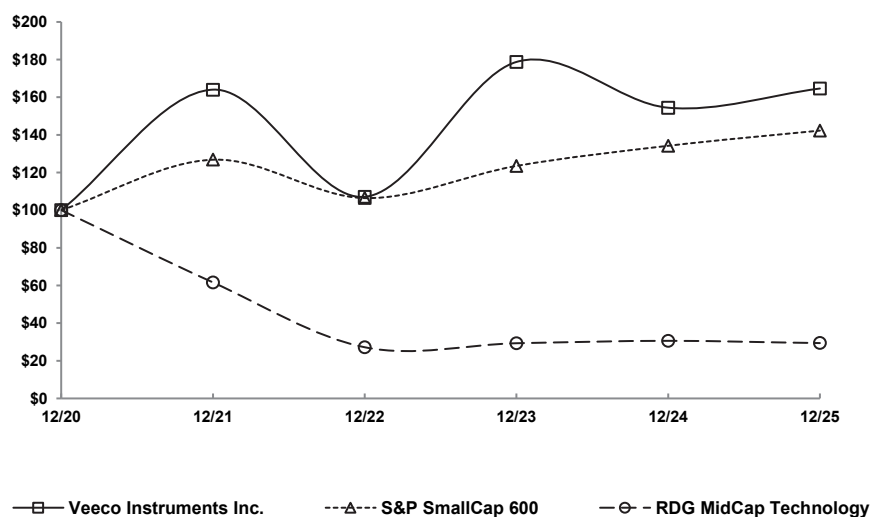
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is quoted on The NASDAQ Global Select Market under the symbol "VECO." As of February 19, 2026, there were approximately 104 stockholders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders. We have not paid dividends on our common stock. The Board of Directors will determine future dividend policy based on our consolidated results of operations, financial condition, capital requirements, and other circumstances.

Stock Performance Graph

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Veeco Instruments Inc., the S&P SmallCap 600 Index
and the RDG MidCap Technology Index



*\$100 invested on 12/31/20 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Copyright© 2026 Standard & Poor's, a division of S&P Global. All rights reserved.

ASSUMES \$100 INVESTED ON DEC. 31, 2020 ASSUMES DIVIDENDS REINVESTED FISCAL YEAR ENDING DEC. 31

	2020	2021	2022	2023	2024	2025
Veeco Instruments Inc.	100.00	164.00	107.03	178.74	154.38	164.63
S&P Smallcap 600	100.00	126.82	106.40	123.48	134.22	142.30
RDG MidCap Technology	100.00	61.63	27.18	29.30	30.61	29.40

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to facilitate an understanding of our business and results of operations. This MD&A should be read in conjunction with our Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included elsewhere in this Form 10-K. The following discussion contains forward-looking statements and should also be read in conjunction with the cautionary statement set forth at the beginning of this Form 10-K.

The following section generally discusses 2025 and 2024 items and year-to-year comparisons between 2025 and 2024. Discussions of 2024 items and year-to-year comparisons between 2024 and 2023 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed on February 14, 2025.

Merger with Axcelis Technologies, Inc.

On September 30, 2025, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Axcelis Technologies, Inc., a Delaware corporation (“Axcelis”), and Victory Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Axcelis (“Merger Sub”). 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 Axcelis. The Merger Agreement was approved by our board of directors (except for one (1) independent director who serves on the Axcelis’ board of directors as well who recused himself) and, on February 6, 2026, by the stockholders of each company, but is still pending regulatory approvals and other customary mutual closing conditions. For more information regarding the previously announced merger with Axcelis, see Note 17 “Merger” to the accompanying Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Executive Summary

We are an innovative manufacturer of semiconductor process equipment. Our proven ion beam, laser annealing, lithography, MOCVD, and single wafer wet processing technologies play an integral role in the fabrication and packaging of advanced semiconductor devices. With equipment designed to optimize performance, yield and cost of ownership, Veeco holds leading technology positions in the markets we serve. To learn more about Veeco’s systems and service offerings, visit www.veeco.com.

Veeco executed well during 2025, and accomplished a number of milestones, including:

- Accomplished year-on-year revenue semiconductor market growth, accounting for 72% of total Company revenue
- Shipped a Laser Spike Annealing (“LSA”) system to a second Tier 1 memory customer for evaluation in its advanced DRAM R&D group. Penetrating the annealing market in the memory space, with our LSA system is an important growth opportunity.
- Achieved steady growth in our Advanced Packaging business year-over-year driven by AI-related demand. Won multiple orders for advanced wet processing and lithography systems from leading foundries, supporting critical end markets through AI, automotive, aerospace, defense, and communications.
- Received multiple orders in the Compound Semiconductor market for our Propel 300mm GaN on Silicon and Lumina+ Arsenide Phosphide new platforms, supporting end markets for AI data centers and low earth orbit space grade solar cells; these are revenue growth opportunities for 2026, principally in the second half.

- Received several orders in the Data Storage market for our ion beam and wet processing equipment from demand for cloud and AI data centers; these are revenue growth opportunities for 2026, principally in the second half.
- Continued investments in next-generation technologies with our Nanosecond Annealing (“NSA”) system being evaluated at two Tier 1 logic customers and our Ion Beam Deposition 300 (“IBD300”) system being evaluated at two DRAM customers.

We believe these inflection points position us well to capture our largest SAM growth opportunities in 2026 and beyond.

Business Update

Sales in the Semiconductor industry are estimated to have increased year-over-year in 2025 to approximately \$770 billion dollars, according to Gartner. Looking ahead, industry analysts are forecasting long-term growth of the industry, driven by secular growth trends such as artificial intelligence, high-performance computing, mobile connectivity, and the electrification of the automotive industry. Additionally, government investments in the Semiconductor industry are projected to accelerate global spending in next-generation technologies.

Growth in the Semiconductor industry, coupled with increasing technological complexity of Semiconductor chips, are expected to drive long-term growth in WFE spending. In an effort to improve chip performance, optimize power consumption, and reduce costs, today’s most advanced Semiconductor manufacturers are shrinking device geometries, investing in more complex transistor designs such as Gate-All-Around and exploring 3D architectures. As a result, growth of the WFE market is forecasted to keep pace with long-term growth of the Semiconductor industry, which we believe should benefit semiconductor capital equipment providers, including Veeco.

Our strategy of investing in advanced logic and memory has enabled our Semiconductor business to continue to grow. Veeco’s technologies are at the forefront of enabling new technical innovations in the manufacture of high-performance AI chips and High-Bandwidth Memory (“HBM”). We continue to invest in new technologies to expand our SAM to a broad range of new applications.

Semiconductor revenue increased by 2% in 2025 from the prior year, comprising 72% of total revenue. This increase was driven by our Laser Annealing business with both leading and mature node customers. Our laser annealing solutions continue to gain acceptance at advanced logic nodes, highlighted by recent order activity involving both new and existing customers. In 2025, we received laser annealing orders from, and shipped systems to several leading-edge logic customers and had multiple repeat orders from a DRAM customer. In the memory market, we continue to ship systems to Tier 1 customers for high volume production of HBM and advanced DRAM devices. We also shipped a LSA evaluation system to a second leading memory customer in the fourth quarter of 2025. While we continue to ship LSA systems to mature node customers in China, as anticipated this business has moderated and we expect to continue to see a decline heading into 2026. Our growth strategy remains predominately focused on advanced node logic and memory customers.

We have two next generation laser annealing systems under evaluation at Tier 1 foundry and logic customers. We also shipped and recognized revenue on our NSA500 tool to a logic customer in 2025. This next generation system, the NSA500, covers the nano-second annealing regime and complements our LSA product. This new system is part of our continued effort to enable our customers’ product roadmap by providing innovative annealing solutions. Nanosecond annealing provides Veeco with an opportunity to expand our laser annealing SAM for new advanced node logic and memory applications, including low thermal budget anneals for Gate-All-Around transistors and advanced 3D devices.

The ongoing adoption of EUV Lithography for advanced node semiconductor manufacturing continues to drive demand for our Ion Beam Deposition EUV system for mask blanks. Leading logic and memory customers expect EUV and High Numerical Aperture (“High-NA”) lithography to be integral to their future roadmaps, with our Ion Beam Deposition technology serving as a key enabler. Our product roadmap is well positioned as the industry adopts next-generation High-NA EUV lithography, and we are expanding our EUV related business to EUV pellicles which are increasingly

being used to improve the productivity of EUV steps. Our IBD-EUV system is used to form the high transparency membrane used in pellicles.

We have two Ion Beam Deposition (“IBD300”) systems under evaluation at leading DRAM memory customers, which we have extended the evaluation into 2026. Our IBD300 system provides Veeco with another opportunity to expand our SAM to advanced node applications where low resistance films are critical. These initial systems are being evaluated for advanced memory applications, such as DRAM bitline.

In Advanced Packaging, we have seen significant growth in our business year-over-year. Our Wet Processing systems are used for several applications, and we continue to see strong demand driven by Heterogenous Integration and 3D Packaging for AI and high-performance computing. Our Advanced Packaging lithography systems are used for packaging steps such Cu pillar and microbumps used in fan out wafer level packaging and other 2.5 and 3D advanced packaging solutions. We are seeing an uptick in the order activity from several OSAT customers driven by AI and consumer markets recovery.

Looking ahead, we anticipate seeing growth in the semiconductor market in leading-edge investment driven by new nodes and AI-related demand, including investment in Gate-All-Around nodes, High-Bandwidth Memory, and 3D packaging for AI.

Veeco also serves the Compound Semiconductor market with a broad portfolio of technologies, including Wet Processing, MOCVD, MBE and Ion Beam, for Power Electronics, Photonics, and 5G RF applications. Sales in the Compound Semiconductor market for 2025 declined from the prior year. However, we had significant order activity in the second half of 2025 for our new Propel 300 millimeter GaN on Silicon and Lumina+ arsenide phosphide platforms supporting GaN power, photonics and solar, which will drive revenue growth for 2026, principally in the second half.

Lastly, Veeco also addresses the Data Storage and Scientific & Other markets. In the Data Storage market we experienced a decline in revenue from 2025 compared to the prior year. However, we have seen new order activity and increased customer utilization rates driven by growth in end-market demand in data centers (AI and cloud) and as customers gain traction in new technologies like Heat Assisted-Magnetic-Recording (“HAMR”). Orders received in the third and fourth quarter of 2025 for our ion beam and wet processing equipment from demand for cloud and AI Data Centers, will drive revenue growth in 2026, principally in the second half.

Sales in the Scientific & Other market are largely driven by sales to governments, universities, and research institutions. We address the Scientific & Other market with several technologies, including MBE, ALD, MOCVD, Wet Processing, and IBD/IBE, which support scientific, optical coating and other applications, and sales in this market increased slightly in 2025 from the prior year.

Results of Operations

Years Ended December 31, 2025 and 2024

The following table presents revenue and expense line items reported in our Consolidated Statements of Operations for 2025 and 2024 and the period-over-period dollar and percentage changes for those line items. Our results of operations are reported as one business segment, represented by our single operating segment.

	For the year ended December 31,				Change	
	2025		2024		Period to Period	
	<i>(dollars in thousands)</i>					
Net sales	\$ 664,294	100 %	\$ 717,301	100 %	\$ (53,007)	(7)%
Cost of sales	398,885	60 %	413,296	58 %	(14,411)	(3)%
Gross profit	265,409	40 %	304,005	42 %	(38,596)	(13)%
Operating expenses, net:						
Research and development	119,641	18 %	124,507	17 %	(4,866)	(4)%
Selling, general, and administrative	98,906	15 %	99,663	14 %	(757)	(1)%
Amortization of intangible assets	3,136	0 %	6,983	1 %	(3,847)	(55)%
Merger costs	8,908	1 %	—	— %	8,908	*
Asset impairment	—	— %	28,131	4 %	(28,131)	*
Other operating expense (income), net	(889)	(0)%	(22,260)	(3)%	21,371	(96)%
Total operating expenses, net	229,702	35 %	237,024	33 %	(7,322)	(3)%
Operating income	35,707	5 %	66,981	9 %	(31,274)	(47)%
Interest income, net	4,333	1 %	1,853	0 %	2,480	*
Other income (expense), net	(653)	(0)%	—	— %	(653)	*
Income before income taxes	39,387	6 %	68,834	10 %	(29,447)	*
Income tax expense (benefit)	3,997	1 %	(4,880)	(1)%	8,877	*
Net income	\$ 35,390	5 %	\$ 73,714	10 %	\$ (38,324)	*

* Not meaningful

Net Sales

The following is an analysis of sales by end-market and by region:

	Year ended December 31,				Change	
	2025		2024		Period to Period	
	<i>(dollars in thousands)</i>					
Sales by end-market						
Semiconductor	\$ 476,559	72 %	\$ 466,611	65 %	\$ 9,948	2 %
Compound Semiconductor	59,557	9 %	77,591	11 %	(18,034)	(23)%
Data Storage	39,238	6 %	98,852	14 %	(59,614)	(60)%
Scientific & Other	88,940	13 %	74,247	10 %	14,693	20 %
Total	\$ 664,294	100 %	\$ 717,301	100 %	\$ (53,007)	(7)%
Sales by geographic region						
United States	\$ 101,387	15 %	\$ 164,564	23 %	\$ (63,177)	(38)%
EMEA	50,794	8 %	61,730	9 %	(10,936)	(18)%
China	181,812	27 %	255,619	36 %	(73,807)	(29)%
Rest of APAC	330,183	50 %	234,591	32 %	95,592	41 %
Rest of World	118	— %	797	— %	(679)	(85)%
Total	\$ 664,294	100 %	\$ 717,301	100 %	\$ (53,007)	(7)%

Total sales decreased for the year ended December 31, 2025 against the comparable prior year period in the Data Storage and Compound Semiconductor markets, partially offset by increases in the Scientific & Other and Semiconductor markets. By geography, sales decreased in the China, U.S., and EMEA regions, partially offset by an increase in the Rest of APAC Region. Included within the Rest of APAC region for the year ended December 31, 2025 were sales in Taiwan and Japan of \$178.8 million and \$69.0 million, respectively, while sales within Rest of APAC region for the year ended December 31, 2024 included sales in Taiwan and Japan of \$115.3 million and \$67.4 million, respectively. We expect there will continue to be year-to-year variations in our future sales distribution across markets and geographies. In light of the global nature of our business, we are impacted by conditions in the various countries in which we and our customers operate, including the recent tariff and trade dynamics.

Gross Profit

In 2025, gross profit decreased compared to 2024 primarily due to a decrease in sales volume and gross margins. Gross margins decreased principally due to unfavorable product mix of sales and higher production and tariff related costs. We expect our gross margins to fluctuate each period due to product mix and other factors. Additionally, other factors will cause our gross margins to fluctuate each period. We expect higher costs in future periods as we incur tariffs on imported materials from overseas suppliers, as well as higher costs from domestic suppliers incurring tariffs on their imports.

Research and Development

The markets we serve are characterized by continuous technological development and product innovation, and we invest in various research and development initiatives to maintain our competitive advantage and achieve our growth objectives. Research and development expenses decreased in 2025 compared to 2024 primarily due to personnel-related and operating-related expenses as part of our efforts to manage costs.

Selling, General, and Administrative

Selling, general, and administrative expenses remained consistent for the year ended December 31, 2025 against the comparable prior period.

Amortization Expense

Amortization expense decreased in 2025 compared to 2024 primarily due to changes in amortization expense to reflect expected cash flows of certain intangible assets, as well as certain other intangible assets becoming fully amortized and the full impairment of the Epiluvac related intangibles in 2024.

Merger Costs

During the year ended December 31, 2025, we incurred approximately \$8.9 million in legal, accounting, consulting fees and employee-related costs in connection with the proposed Merger.

Asset Impairment

During 2024, we recorded a non-cash impairment charge of \$28.1 million related to intangible assets of our SiC technology acquired from Epiluvac in 2023, due to our market penetration not meeting expectations.

Other Operating Expense (Income), Net

Other operating income for the year ended December 31, 2025 was \$0.9 million, primarily comprised of a reduction in the expected earn-out payment to the previous shareholders of Epiluvac. Other operating income for the year ended December 31, 2024 was \$22.3 million, primarily comprised of a reduction in the expected earn-out payments to the previous shareholders of Epiluvac, as well as proceeds from the sale of productive assets.

Interest Income, net

For the year ended December 31, 2025, we recorded net interest income of \$4.3 million, compared to \$1.9 million of net interest income for the prior year. The increase in net interest income was primarily related to a decrease of interest expense of approximately \$1.9 million due to a reduction in convertible note and bank guarantee interest expenses. Additionally, the company had an increase of approximately \$0.6 million of interest income due to a higher average cash balances for 2025 compared to 2024.

Income Taxes

Our income tax expense for the year ended December 31, 2025, was \$4.0 million, compared to income tax benefit of \$4.9 million for the prior year. The 2025 income tax expense was primarily attributed to 1) a \$8.3 million income tax expense associated with pre-tax income from operations, 2) a \$3.1 million income tax expense related to adjustments made for share-based compensation, and 3) a \$1.4 million income tax expense related to non-deductible merger costs, partially offset by 4) a \$5.7 million income tax benefit related to foreign-derived intangible income, and 5) a \$3.6 million tax benefit associated with research and development tax credits. The 2024 income tax benefit was primarily attributed to 1) \$12.2 million of income tax benefits associated with asset impairments, 2) a \$7.9 million income tax benefit related to research and development tax credits, and 3) a \$5.1 million income tax benefit related to Foreign-Derived Intangible Income, partially offset by 4) a \$20.3 million income tax expense related to pre-tax income from operations.

Liquidity and Capital Resources

Our cash and cash equivalents, restricted cash, and short-term investments are as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
	<i>(in thousands)</i>	
Cash and cash equivalents	\$ 163,466	\$ 145,595
Restricted cash	—	224
Short-term investments	226,763	198,719
Total	<u>\$ 390,229</u>	<u>\$ 344,538</u>

A portion of our cash and cash equivalents is held by our subsidiaries throughout the world, frequently in each subsidiary's respective functional currency, which is typically the U.S. dollar. At December 31, 2025 and 2024, cash and cash equivalents of \$23.6 million and \$45.1 million, respectively, were held outside the United States. As of December 31, 2025, we had \$25.6 million of accumulated undistributed earnings generated by our non-U.S. subsidiaries for which the U.S. repatriation tax has been provided. Approximately \$12.3 million of undistributed earnings would be subject to foreign withholding taxes if distributed back to the United States and we accrued \$1.1 million for foreign withholding taxes for the undistributed earnings.

We believe that our projected cash flow from operations, combined with our cash and short-term investments, will be sufficient to meet our projected working capital requirements, contractual obligations, and other cash flow needs for the next twelve months, including scheduled interest payments on our convertible senior notes, purchase commitments, and payments required under our operating leases.

A summary of the cash flow activity for the year ended December 31, 2025 and 2024 is as follows:

Cash Flows from Operating Activities

	For the year ended December 31,	
	2025	2024
	<i>(in thousands)</i>	
Net income	\$ 35,390	\$ 73,714
Non-cash items:		
Depreciation and amortization	20,020	25,143
Non-cash interest expense	1,118	1,257
Deferred income taxes	(2,982)	(8,729)
Share-based compensation expense	37,047	35,879
Asset impairment	—	28,131
Impairment of equity investment	—	404
Change in contingent consideration	(925)	(21,242)
Changes in operating assets and liabilities	(20,175)	(70,742)
Net cash provided by (used in) operating activities	\$ 69,493	\$ 63,815

Net cash provided by operating activities was \$69.5 million for the year ended December 31, 2025 and was due to net income of \$35.4 million and adjustments for non-cash items of \$54.3 million, partially offset by a decrease in cash flow from changes in operating assets and liabilities of \$20.2 million. The changes in operating assets and liabilities were largely attributable to an increase in inventories and accounts receivable, partially offset by an increase in contract liabilities.

Net cash provided by operating activities was \$63.8 million for the year ended December 31, 2024 and was due to net income of \$73.7 million and adjustments for non-cash items of \$60.8 million, partially offset by a decrease in cash flow from changes in operating assets and liabilities of \$70.7 million. The changes in operating assets and liabilities were largely attributable to an increase in inventories largely related to higher work-in-process and evaluation systems at customer facilities, an increase in contract assets, and a decrease in contract liabilities.

Cash Flows from Investing Activities

	For the year ended December 31,	
	2025	2024
	<i>(in thousands)</i>	
Capital expenditures	\$ (16,200)	\$ (18,113)
Changes in investments, net	(25,278)	(48,467)
Proceeds from the sale of productive assets	—	2,033
Net cash provided by (used in) investing activities	\$ (41,478)	\$ (64,547)

The cash used in investing activities during the year ended December 31, 2025 was primarily attributable to net cash used for capital expenditures and net investment activity. The cash used in investing activities during the year ended December 31, 2024 was primarily attributable to net cash used for capital expenditures, and net investment activity, partially offset by proceeds from the sale of productive assets.

Cash Flows from Financing Activities

	For the year ended December 31,	
	2025	2024
	<i>(in thousands)</i>	
Settlement of equity awards, net of withholding taxes	\$ (4,355)	\$ (10,761)
Debt issuance costs	(885)	—
Repayment of convertible debt	(5,229)	—
Contingent consideration payment	—	(1,818)
Net cash provided by (used in) financing activities	\$ (10,469)	\$ (12,579)

The cash used in financing activities for the year ended December 31, 2025 was related to cash used to settle taxes related to employee equity programs, settlement of the 2027 Notes, and debt issuance costs associated with the execution of the Fourth Amendment of the Loan and Security Agreement, partially offset by cash received under the Employee Stock Purchase Plan. The cash used in financing activities for the year ended December 31, 2024 was related to cash used to settle taxes related to employee equity programs and a contingent consideration payment related to the Epiluvac acquisition, partially offset by cash received under the Employee Stock Purchase Plan.

Convertible Senior Notes and Revolving Credit Facility

We have \$230.0 million outstanding principal balance of convertible senior notes that bear interest at a rate of 2.875% per year, payable semiannually in arrears on June 1 and December 1 of each year, and mature on June 1, 2029, unless earlier purchased by the Company, redeemed, or converted.

We believe that we have sufficient capital resources and cash flows from operations to support scheduled interest payments on this debt. In addition, in June 2025, we increased the total funds available to us through our revolving credit facility from \$225 million to \$250 million and extended the maturity until June 16, 2030, subject to a springing maturity date of March 2, 2029. The Company has no immediate plans to draw down on the facility. Interest under the facility is variable based on the Company's secured net leverage ratio and is expected to bear interest based on SOFR plus a range of 125 to 200 basis points, if drawn. There is a yearly commitment fee of 20 to 30 basis points, based on the Company's secured net leverage ratio, charged on the unused portion of the Facility.

In connection with the Merger, the convertible senior notes will be assumed by Axcelis.

Contractual Obligations and Commitments

We have commitments under certain contractual arrangements to make future payments for goods and services, including purchase obligations of \$150.8 million as of December 31, 2025 for inventory used in the manufacture of our products, as well as equipment and project materials used to support research and development activities. We generally do not enter into purchase commitments extending beyond one year. At December 31, 2025, we have \$9.8 million of offsetting supplier deposits that will be applied against these purchase commitments. We expect to fund these contractual arrangements with cash generated from operations in the normal course of business, as well as existing cash and cash equivalents and short-term investments. In addition, we have bank guarantees and letters of credit issued by a financial institution on our behalf as needed. At December 31, 2025, outstanding bank guarantees and letters of credit totaled \$2.4 million and unused bank guarantees and letters of credit of \$40.6 million were available to be drawn upon.

Lease Obligations

As of December 31, 2025, our future minimum lease payments was \$48.9 million relating to various operating lease arrangements for certain facilities. Refer to Note 10, "Commitments and Contingencies", of the Notes to the Consolidated Financial Statements for further discussion related to our lease obligations.

We believe that we have sufficient capital resources and cash flows from operations to support the above mentioned short-term obligations.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires a high degree of judgment, either in the application and interpretation of existing accounting literature or in the development of estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. We continuously evaluate our estimates and judgments based on historical experience, as well as other factors that we believe to be reasonable under the circumstances. The results of our evaluation form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. These estimates may change in the future if underlying assumptions or factors change, and actual results may differ from these estimates.

We consider the following estimates within our significant accounting policies to be critical because of their complexity and the high degree of judgment involved in maintaining them. See Note 1 Significant Accounting Policies of our Consolidated Financial Statements for additional information regarding our accounting policies.

Revenue Recognition

We recognize revenue upon the transfer of control of the promised product or service to the customer in an amount that reflects the consideration we expect to receive in exchange for such product or service. We perform the following five steps to determine when to recognize revenue: (1) identification of the contract(s) with customers, (2) identification of the performance obligations in the contract, (3) determination of the transaction price, (4) allocation of the transaction price to the performance obligations in the contract, and (5) recognition of revenue when, or as, a performance obligation is satisfied. Management uses judgements in identifying performance obligations, determining stand-alone selling price (“SSP”) for each distinct performance obligation, allocating consideration from an arrangement to the individual performance obligations based on the SSP, determining when transfer of control occurs to the customer, and estimating potential variable consideration including the probability that a significant reversal in the amount of cumulative revenue recognized will not occur. The SSPs are determined based on the prices at which we separately sell systems, upgrades, components, spare parts, installation, maintenance, and service plans. For items that are not sold separately, we estimate SSPs generally using an expected cost plus margin approach. Any material changes in the identification of performance obligations, determination and allocation of the transaction price to performance obligations, and determination of when transfer of control occurs to the customer, could impact the timing and amount of revenue recognition, which could have a material effect on our financial condition and results of operations.

Inventory Valuation

Inventories are stated at the lower of cost and net realizable value, with cost determined on a first-in, first-out basis. Each quarter we assess the valuation and recoverability of all inventories: materials (raw materials, spare parts, and service inventory); work-in-process; finished goods; and evaluation inventory at customer facilities. Obsolete inventory or inventory in excess of our estimated usage requirements is written down to its estimated net realizable value if less than cost. We evaluate usage requirements by analyzing historical usage, anticipated demand, alternative uses of materials, and other qualitative factors. Unanticipated changes in demand for our products may require a write down of inventory that could materially affect our operating results.

Income Taxes

We estimate our income taxes in each of the jurisdictions in which we operate. The calculation of our provision for income taxes and effective tax rate involves significant judgment in estimating the impact of uncertainties in the application of complex and evolving tax laws. Resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our results of operations and financial condition. Deferred income taxes reflect the net tax effect of temporary differences between the asset and liability balances recognized for financial reporting purposes and the balances used for income tax purposes, as well as the tax effect of carry forwards. We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. These estimates consider future operational results including realizability of our deferred tax assets. Deferred tax assets and

liabilities are adjusted to reflect the effects of enacted changes in tax rates, laws and status, including changes in tax incentives.

Recent Accounting Pronouncements

We adopted ASU 2020-06 Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity effective January 1, 2022, ASU 2023-09 Improvements to Income Tax Disclosures (Topic 740) effective December 31, 2024, ASU 2024-04 Debt – Debt with Conversion and Other Options (Subtopic 470-20) effective June 30, 2025. We are also evaluating other pronouncements recently issued but not yet adopted, including ASU 2024-03. The adoption of these pronouncements is not expected to have a material impact on our consolidated financial statements. Refer to Note 1, “Significant Accounting Policies,” for additional information.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our exposure to market rate risk for changes in interest rates primarily relates to our investment portfolio. We centrally manage our investment portfolios considering investment opportunities and risks, tax consequences, and overall financing strategies. Our investment portfolio includes fixed-income securities with a fair value of approximately \$226.8 million at December 31, 2025. These securities are subject to interest rate risk and, based on our investment portfolio at December 31, 2025, a 100 basis point increase in interest rates would result in a decrease in the fair value of the portfolio of \$1.8 million. While an increase in interest rates may reduce the fair value of the investment portfolio, we will not realize the losses in the Consolidated Statements of Operations unless the individual fixed-income securities are sold prior to recovery or the loss is determined to be other-than-temporary.

Currency Exchange Risk

We conduct business on a worldwide basis and, as such, a portion of our revenues, earnings, and net investments in foreign affiliates is exposed to changes in currency exchange rates. The economic impact of currency exchange rate movements is complex because such changes are often linked to variability in real growth, inflation, interest rates, governmental actions, and other factors. These changes, if material, could cause us to adjust our financing and operating strategies. Consequently, isolating the effect of changes in currency does not incorporate these other important economic factors.

Changes in currency exchange rates could affect our foreign currency denominated monetary assets and liabilities and forecasted cash flows. We may enter into monthly forward derivative contracts with the intent of mitigating a portion of this risk. We only use derivative financial instruments in the context of hedging and not for speculative purposes and have not designated our foreign exchange derivatives as hedges. Accordingly, changes in fair value from these contracts are included in “Other operating expense (income), net” in our Consolidated Statements of Operations. We execute derivative transactions with highly-rated financial institutions to mitigate counterparty risk.

Our net sales to customers located outside of the United States represented approximately 85% of our total net sales in 2025. We expect that net sales to customers outside the United States will continue to represent a large percentage of our total net sales. Our net sales denominated in currencies other than the U.S. dollar represented approximately 4% of total net sales in 2025.

A 10% change in foreign exchange rates would have an immaterial impact on the consolidated results of operations since most of our sales outside the United States are denominated in U.S. dollars.

Item 8. Financial Statements and Supplementary Data

Our Consolidated Financial Statements are listed in the Index to Consolidated Financial Statements and Financial Statement Schedule filed as part of this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management's Report on Internal Control over Financial Reporting

Our principal executive and financial officers have evaluated and concluded that our disclosure controls and procedures are effective as of December 31, 2025. The disclosure controls and procedures are designed to ensure that the information required to be disclosed in this report filed under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to our principal executive and financial officers as appropriate to allow timely decisions regarding required disclosure.

Our principal executive and financial officers are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed and put into effect 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. Using the criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, Management has evaluated, assessed, and concluded that internal control over financial reporting is effective as of December 31, 2025.

KPMG LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2025, there were no changes in internal control that have materially affected or are reasonably likely to materially affect internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
Veeco Instruments Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Veeco Instruments Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2025 and December 31, 2024, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes and financial statement schedule II - valuation and qualifying accounts (collectively, the consolidated financial statements), and our report dated February 25, 2026 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Santa Clara, California
February 25, 2026

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this Item that will appear under the headings “Governance,” “Executive Officers,” and “Delinquent Section 16(a) Reports” in the definitive proxy statement to be filed with the SEC relating to our 2026 Annual Meeting of Stockholders is incorporated herein by reference.

We have adopted a Code of Ethics for Senior Officers (the “Code”) which applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the Code can be found on our website (www.veeco.com). We intend to disclose on our website the nature of any future amendments to and waivers of the Code that apply to the chief executive officer, principal financial officer, principal accounting officer, or persons performing similar functions. We have also adopted a Code of Conduct which applies to all of our employees, including those listed above, as well as to our directors. A copy of the Code of Conduct can be found on our website (www.veeco.com). The website address above is intended to be an inactive, textual reference only. None of the material on this website is part of this report.

We have a Securities Trading Policy governing the purchase, sale, and other dispositions of our securities that applies to all our directors, officers, employees, and other individuals associated with us. We believe that our Securities Trading Policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, as well as applicable listing standards. A copy of our Securities Trading Policy is filed as Exhibit 19.1 to this Form 10-K.

Item 11. Executive Compensation

Information required by this Item that will appear under the heading “Compensation” in the definitive proxy statement to be filed with the SEC relating to our 2026 Annual Meeting of Stockholders is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item that will appear under the headings “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in the definitive proxy statement to be filed with the SEC relating to our 2026 Annual Meeting of Stockholders is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item that will appear under the headings “Certain Relationships and Related Transactions” and “Independence of Board” in the definitive proxy statement to be filed with the SEC relating to our 2026 Annual Meeting of Stockholders is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information required by this Item that will appear under the heading “Independent Auditor Fees and Other Matters” in the definitive proxy statement to be filed with the SEC relating to our 2026 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

- (a) (1) The Registrant's financial statements together with a separate table of contents are annexed hereto
 (2) Financial Statement Schedules are listed in the separate table of contents annexed hereto.
 (3) Exhibits

Unless otherwise indicated, each of the following exhibits has been previously filed with the Securities and Exchange Commission by the Company under File No. 0-16244.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Exhibit	Filing Date	
1.1	Conflict Minerals Report of Veeco Instruments Inc.	SD	1.01	5/29/2025	
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.	8-K	2.1	10/1/2025	
3.1	Amended and Restated Certificate of Incorporation of Veeco dated December 1, 1994, as amended June 2, 1997 and July 25, 1997.	10-Q	3.1	8/14/1997	
3.2	Amendment to Certificate of Incorporation of Veeco dated May 29, 1998.	10-K	3.2	3/14/2001	
3.3	Amendment to Certificate of Incorporation of Veeco dated May 5, 2000.	10-Q	3.1	8/14/2000	
3.4	Amendment to Certificate of Incorporation of Veeco dated May 16, 2002.	10-Q	3.1	10/26/2009	
3.5	Amendment to Certificate of Incorporation of Veeco dated May 18, 2010.	10-K	3.8	2/24/2011	
3.6	Seventh Amended and Restated Bylaws of Veeco effective January 9, 2023.	8-K	3.1	1/10/2023	
3.7	Certificate of Designation, Preferences, and Rights of Series A Junior Participating Preferred Stock of Veeco dated March 14, 2001.	10-Q	3.1	5/9/2001	
4.1	Indenture, dated as of January 18, 2017, by and between Veeco Instruments Inc. and U.S. Bank National Association, as Trustee (relating to the 2.70% Convertible Notes due 2023).	8-K	4.1	1/18/2017	
4.2	First Supplemental Indenture, dated as of January 18, 2017, by and between Veeco Instruments Inc. and U.S. Bank National Association, as Trustee (relating to the 2.70% Convertible Notes due 2023).	8-K	4.2	1/18/2017	
4.3	Indenture, dated as of May 18, 2020, between Veeco Instruments Inc. and U.S. Bank National Association, as trustee.	8-K	4.1	5/18/2020	
4.4	Form of 3.75% Convertible Senior Notes due 2027.	8-K	4.1	5/18/2020	
4.5	Indenture, dated as of November 17, 2020, between Veeco Instruments Inc. and U.S. Bank National Association, as trustee.	8-K	4.1	11/17/2020	
4.6	Form of 3.50% Convertible Senior Notes due 2025.	8-K	4.1	11/17/2020	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Exhibit	Filing Date	
4.7	Indenture, dated as of May 19, 2023, between Veeco Instruments Inc. and U.S. Bank Trust Company, National Association, as trustee.	10-Q	4.1	8/7/2023	
4.8	Form of 2.875% Convertible Senior Notes due 2029.	10-Q	4.2	8/7/2023	
4.9	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.	10-K	4.3	2/21/2020	
4.10	Amendment No. 2 to the Veeco Instruments Inc. 2019 Stock Incentive Plan dated as of May 9, 2024.	S-8	4.9	8/9/2024	
10.1	Lease dated February 18, 2021 between Veeco Instruments Inc. and Trimble-Junction Ventures LLC.	8-K	10.1	2/24/2021	
10.2*	Veeco Severance Benefits Policy, effective May 1, 2009.	10-K	10.1	2/22/2021	
10.3*	Veeco Amended and Restated 2010 Stock Incentive Plan, effective May 5, 2016.	S-8	10.1	6/2/2016	
10.4*	Veeco Amended and Restated 2010 Stock Incentive Plan, effective March 3, 2017.	10-Q	10.1	11/3/2017	
10.5*	Veeco Instruments Inc. 2019 Stock Incentive Plan.	S-8	10.1	5/7/2019	
10.6*	Amendment No. 1 to the Veeco Instruments Inc. 2019 Stock Incentive Plan.	S-8	4.8	5/20/2022	
10.7	Ultratech, Inc. 1993 Stock Option/Stock Issuance Plan (as Amended and Restated as of May 31, 2011)	S-8	10.1	5/26/2017	
10.8	Form of Capped Call Confirmation.	8-K	10.1	5/18/2020	
10.9	Exchange Agreement.	8-K	10.1	11/17/2020	
10.10	Note Purchase Agreement, dated as of November 5, 2021, by and between Veeco Instruments Inc. and Lynrock Lake LLP.	8-K	10.1	11/8/2021	
10.11	Loan and Security Agreement, dated as of December 16, 2021, by and among Veeco Instruments Inc., as borrower, the guarantors party thereto, the lenders from time to time party thereto, HSBC Bank USA, National Association, as administrative agent, collateral agent, joint lead arranger, and joint bookrunner, Barclays bank PLC, as joint lead arranger and joint bookrunner, and Santander Bank, N.A.	8-K	10.1	12/20/2021	
10.12	Guaranty, dated as of December 16, 2021, by the guarantors, identified therein in favor of HSBC Bank USA, National Association, as agent.	8-K	10.2	12/20/2021	
10.13	First Amendment to Loan and Security Agreement, dated as of May 19, 2023, by and among Veeco Instruments Inc., as borrower, the guarantors party thereto, the lenders from time to time party thereto and HSBC Bank USA, National Association, as administrative agent, collateral agent, joint lead arranger, and joint bookrunner, Barclays Bank PLC, as joint lead arranger and joint bookrunner, and Santander Bank, N.A.	10-Q	10.1	8/7/2023	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Exhibit	Filing Date	
10.14	Third Amendment to Loan and Security Agreement, dated as of August 2, 2024, by and among Veeco Instruments Inc., as borrower, the guarantors party thereto, HSBC Bank USA, National Association, as administrative agent and collateral agent, Citizens Bank, N.A., and the lenders from time to time party thereto.	8-K	10.1	8/2/2024	
10.15	Fourth Amendment to Loan and Security Agreement, dated as of June 16, 2025, by and among Veeco Instruments Inc., as borrower, the guarantors party thereto, HSBC Bank USA, National Association, as administrative agent and collateral agent, and the lenders from time to time party thereto.	8-K	10.1	6/17/2025	
10.16	Fifth Amendment to Loan and Security Agreement, dated as of September 30, 2025, by and among Veeco Instruments Inc., as borrower, the guarantors party thereto, HSBC Bank USA, National Association, as administrative agent and collateral agent, and the lenders from time to time party thereto.	8-K	10.1	10/1/2025	
10.17*	Form of Notice of Performance Restricted Stock Unit Award and related terms and conditions pursuant to the Veeco 2019 Stock Incentive Plan, effective March 2022.	10-Q	10.1	5/9/2022	
10.18*	Form of Notice of Restricted Stock Award and related terms and conditions pursuant to the Veeco 2019 Stock Incentive Plan, effective March 2022.	10-Q	10.2	5/9/2022	
10.19*	Form of Notice of Performance Restricted Stock Unit Award and related terms and conditions pursuant to the Veeco 2019 Stock Incentive Plan, effective March 2023.	10-Q	10.1	5/8/2023	
10.20*	Form of Notice of Restricted Stock Award and related terms and conditions pursuant to the Veeco 2019 Stock Incentive Plan, effective March 2023.	10-Q	10.2	5/8/2023	
10.21*	Form of Notice of Performance Restricted Stock Unit Award and related terms and conditions pursuant to the Veeco 2019 Stock Incentive Plan, effective March 2024.	10-Q	10.1	5/7/2024	
10.22*	Form of Notice of Restricted Stock Unit Award and related terms and conditions pursuant to Veeco 2019 Stock Incentive Plan, effective March 2024.	10-Q	10.2	5/7/2024	
10.23*	Form of Notice of Performance Restricted Stock Unit Award and related terms and conditions pursuant to the Veeco 2019 Stock Incentive Plan, effective March 2025.	10-Q	10.1	5/7/2025	
10.24*	Form of Notice of Restricted Stock Unit Award and related terms and conditions pursuant to Veeco 2019 Stock Incentive Plan, effective March 2025.	10-Q	10.2	5/7/2025	
10.25*	Veeco 2013 Inducement Stock Incentive Plan, effective September 26, 2013.	10-Q	10.1	11/4/2013	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Exhibit	Filing Date	
10.26*	Veeco Instruments Inc. 2016 Employee Stock Purchase Plan.	S-8	10.9	6/2/2016	
10.27*	First Amendment to Veeco Instruments Inc. 2016 Employee Stock Purchase Plan.	S-8	10.11	5/7/2019	
10.28*	Second Amendment to Veeco Instruments Inc. 2016 Employee Stock Purchase Plan.	S-8	10.1	5/11/2021	
10.29*	Third Amendment to the Veeco Instruments Inc. 2016 Employee Stock Purchase Plan.	S-8	4.10	5/22/2025	
10.30*	Form of Amended and Restated Indemnification Agreement entered into between Veeco and each of its directors and executive officers (August 2017).	10-Q	10.2	8/3/2017	
10.31*	Veeco Amended and Restated Senior Executive Change in Control Policy, effective as of July 29, 2025.	10-Q	10.2	8/6/2025	
10.32*	Letter Agreement dated January 30, 2012 between Veeco and Dr. William J. Miller.	10-K	10.30	2/22/2012	
10.33*	Letter Agreement dated August 29, 2018 between Veeco and Dr. William J. Miller.	8-K	10.2	9/4/2018	
10.34*	Amendment dated March 22, 2019 to the Letter Agreement between Veeco and William J. Miller, Ph.D.	10-Q	10.4	5/7/2019	
10.35*	Letter Agreement dated January 21, 2004 between Veeco and John P. Kiernan.	10-K	10.38	3/12/2004	
10.36*	Amendment effective June 9, 2006 to Letter Agreement between Veeco and John P. Kiernan.	10-Q	10.3	8/4/2006	
10.37*	Amendment effective December 31, 2008 to Letter Agreement between Veeco and John P. Kiernan.	10-K	10.40	3/2/2009	
10.38*	Letter dated January 1, 2020 from Veeco to John P. Kiernan.	8-K	99.2	1/2/2020	
10.39*	Letter Agreement dated March 20, 2019 between Veeco and Adrian Devasahayam.	10-K	10.30	2/22/2021	
10.40*	Letter Agreement dated August 4, 2017 between Veeco and Peter Porshnev.	10-K	10.31	2/22/2021	
10.41*	Letter Agreement dated March 9, 2020 between Veeco and Susan Wilkerson.	10-K	10.32	2/22/2021	
19.1	Veeco Instruments Inc. Securities Trading Policy	10-K	19.1	2/14/2025	
21.1	Subsidiaries of the Registrant.				X
23.1	Consent of KPMG LLP.				X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a—14(a) or Rule 15d—14(a) of the Securities and Exchange Act of 1934.				X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a—14(a) or Rule 15d—14(a) of the Securities and Exchange Act of 1934.				X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002.				X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002.				X

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Exhibit	Filing Date	
97	Compensation Recoupment Policy for Executive Officers	10-K	97	2/14/2025	
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				**
101.XSD	XBRL Schema.				**
101.PRE	XBRL Presentation.				**
101.CAL	XBRL Calculation.				**
101.DEF	XBRL Definition.				**
101.LAB	XBRL Label.				**
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				**

* Indicates a management contract or compensatory plan or arrangement, as required by Item 15(a) (3) of Form 10-K.

** Filed herewith electronically

Veeco Instruments Inc. and Subsidiaries

Index to Consolidated Financial Statements and Financial Statement Schedule

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID 185)	F-2
Consolidated Balance Sheets at December 31, 2025 and 2024	F-4
Consolidated Statements of Operations for the years ended December 31, 2025, 2024, and 2023	F-5
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2025, 2024, and 2023 ..	F-6
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2025, 2024, and 2023	F-7
Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024, and 2023	F-8
Notes to Consolidated Financial Statements	F-9
Schedule II—Valuation and Qualifying Accounts	S-1

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
Veeco Instruments Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Veeco Instruments Inc. and subsidiaries (the Company) as of December 31, 2025 and December 31, 2024, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes and financial statement schedule II - valuation and qualifying accounts (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and December 31, 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 25, 2026 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Assessment of the value of excess and obsolete inventory

As discussed in Note 1 of the consolidated financial statements, the Company assesses the valuation of its inventories, including materials, work-in-process, and finished goods, each reporting period. Obsolete inventory or inventory in excess of the Company's estimated usage requirement is written down to its estimated net realizable value if less than cost. Estimates of usage include the Company's analysis of anticipated demand, possible alternative uses of its inventory, as well as other qualitative factors. As of December 31, 2025, the Company's inventories totaled \$275.3 million.

We identified the assessment of the value of excess and obsolete inventory as a critical audit matter. Subjective auditor judgement was required to evaluate the Company's estimates of anticipated demand, which can be affected by market and economic conditions outside the Company's control.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's inventory valuation process. This included controls related to the development of estimates of anticipated demand of inventory. We evaluated current year estimates of anticipated demand used to assess the value of excess and obsolete inventory when they differed significantly from historical sales volumes. For certain inventory items, we compared the prior year estimate of anticipated demand to actual results to assess the Company's ability to accurately forecast.

/s/ KPMG LLP

We have served as the Company's auditor since 2015.

Santa Clara, California
February 25, 2026

Veeco Instruments Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except share amounts)

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 163,466	\$ 145,595
Restricted cash	—	224
Short-term investments	226,763	198,719
Accounts receivable, net	110,685	96,834
Contract assets	34,838	37,109
Inventories	275,298	246,735
Prepaid expenses and other current assets	34,286	39,316
Total current assets	845,336	764,532
Property, plant, and equipment, net	108,646	113,789
Operating lease right-of-use assets	24,606	26,503
Intangible assets, net	5,696	8,832
Goodwill	214,964	214,964
Deferred income taxes	122,935	120,191
Other assets	3,612	2,766
Total assets	\$ 1,325,795	\$ 1,251,577
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 55,344	\$ 43,519
Accrued expenses and other current liabilities	45,503	55,195
Contract liabilities	74,161	64,986
Income taxes payable	3,048	2,086
Current portion of long-term debt	—	26,496
Total current liabilities	178,056	192,282
Deferred income taxes	532	689
Long-term debt	226,009	249,702
Long-term operating lease liabilities	31,837	34,318
Other liabilities	3,852	3,816
Total liabilities	440,286	480,807
Stockholders' equity:		
Preferred stock, \$0.01 par value; 500,000 shares authorized; no shares issued and outstanding.	—	—
Common stock, \$0.01 par value; 120,000,000 shares authorized; 60,388,539 shares issued and outstanding at December 31, 2025 and 56,827,915 shares issued and outstanding at December 31, 2024	604	569
Additional paid-in capital	1,306,176	1,227,134
Accumulated deficit	(423,065)	(458,455)
Accumulated other comprehensive income	1,794	1,522
Total stockholders' equity	885,509	770,770
Total liabilities and stockholders' equity	\$ 1,325,795	\$ 1,251,577

See accompanying Notes to the Consolidated Financial Statements.

Veeco Instruments Inc. and Subsidiaries
Consolidated Statements of Operations
(in thousands, except per share amounts)

	For the year ended December 31,		
	2025	2024	2023
Net sales	\$ 664,294	\$ 717,301	\$ 666,435
Cost of sales	398,885	413,296	381,376
Gross profit	265,409	304,005	285,059
Operating expenses, net:			
Research and development	119,641	124,507	112,853
Selling, general, and administrative	98,906	99,663	92,756
Amortization of intangible assets	3,136	6,983	8,481
Merger costs	8,908	—	—
Asset impairment	—	28,131	—
Other operating expense (income), net	(889)	(22,260)	1,029
Total operating expenses, net	229,702	237,024	215,119
Operating income	35,707	66,981	69,940
Interest income	13,469	12,898	10,583
Interest expense	(9,136)	(11,045)	(11,770)
Other income (expense), net	(653)	—	(97,091)
Income (loss) before income taxes	39,387	68,834	(28,338)
Income tax expense (benefit)	3,997	(4,880)	2,030
Net income (loss)	\$ 35,390	\$ 73,714	\$ (30,368)
Income (loss) per common share:			
Basic	\$ 0.60	\$ 1.31	\$ (0.56)
Diluted	\$ 0.59	\$ 1.23	\$ (0.56)
Weighted average number of shares:			
Basic	59,299	56,426	53,769
Diluted	60,594	61,596	53,769

See accompanying Notes to the Consolidated Financial Statements.

Veeco Instruments Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	For the year ended December 31,		
	2025	2024	2023
Net income (loss)	\$ 35,390	\$ 73,714	\$ (30,368)
Other comprehensive income (loss), net of tax:			
Available-for-sale securities:			
Change in net unrealized gains or losses	194	(101)	691
Unrealized gain (loss) on available-for-sale securities	194	(101)	691
Currency translation adjustments:			
Change in currency translation adjustments	78	16	(12)
Net changes related to currency translation adjustments	78	16	(12)
Total other comprehensive income (loss), net of tax	272	(85)	679
Total comprehensive income (loss)	<u>\$ 35,662</u>	<u>\$ 73,629</u>	<u>\$ (29,689)</u>

See accompanying Notes to the Consolidated Financial Statements.

Veeco Instruments Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance at December 31, 2022	51,660	\$ 517	\$ 1,078,180	\$ (501,801)	\$ 928	\$ 577,824
Net income (loss)	—	—	—	(30,368)	—	(30,368)
Other comprehensive income (loss), net of tax	—	—	—	—	679	679
Share-based compensation expense	—	—	28,558	—	—	28,558
Net issuance under employee stock plans	244	2	(6,393)	—	—	(6,391)
Partial extinguishment of 2025 and 2027 Notes	4,460	45	102,095	—	—	102,140
Balance at December 31, 2023	<u>56,364</u>	<u>564</u>	<u>1,202,440</u>	<u>(532,169)</u>	<u>1,607</u>	<u>672,442</u>
Net income (loss)	—	—	—	73,714	—	73,714
Other comprehensive income (loss), net of tax	—	—	—	—	(85)	(85)
Share-based compensation expense	—	—	35,879	—	—	35,879
Net issuance under employee stock plans	464	5	(11,185)	—	—	(11,180)
Balance at December 31, 2024	<u>56,828</u>	<u>569</u>	<u>1,227,134</u>	<u>(458,455)</u>	<u>1,522</u>	<u>770,770</u>
Net income (loss)	—	—	—	35,390	—	35,390
Other comprehensive income (loss), net of tax	—	—	—	—	272	272
Share-based compensation expense	—	—	37,047	—	—	37,047
Settlement of the 2025 Notes	1,104	11	26,489	—	—	26,500
Settlement of the 2027 Notes	1,643	16	20,215	—	—	20,231
Net issuance under employee stock plans	814	8	(4,709)	—	—	(4,701)
Balance at December 31, 2025	<u>60,389</u>	<u>\$ 604</u>	<u>\$ 1,306,176</u>	<u>\$ (423,065)</u>	<u>\$ 1,794</u>	<u>\$ 885,509</u>

See accompanying Notes to the Consolidated Financial Statements.

Veeco Instruments Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

	For the year ended December 31,		
	2025	2024	2023
Cash Flows from Operating Activities			
Net income (loss)	\$ 35,390	\$ 73,714	\$ (30,368)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	20,020	25,143	24,966
Non-cash interest expense	1,118	1,257	1,118
Deferred income taxes	(2,982)	(8,729)	(2,211)
Share-based compensation expense	37,047	35,879	28,558
Loss on extinguishment of debt	—	—	97,091
Asset impairment	—	28,131	—
Impairment of equity investments	—	404	—
Provision for bad debts	—	—	316
Changes in contingent consideration	(925)	(21,242)	701
Changes in operating assets and liabilities:			
Accounts receivable and contract assets	(11,591)	(6,555)	13,271
Inventories	(28,563)	(8,307)	(35,158)
Prepaid expenses and other current assets	3,021	(4,751)	(16,063)
Accounts payable and accrued expenses	4,228	(338)	(8,810)
Contract liabilities	9,175	(53,040)	(9,626)
Income taxes receivable and payable, net	4,935	5,861	(525)
Other, net	(1,380)	(3,612)	(1,586)
Net cash provided by (used in) operating activities	<u>69,493</u>	<u>63,815</u>	<u>61,674</u>
Cash Flows from Investing Activities			
Capital expenditures	(16,200)	(18,113)	(27,930)
Acquisition of businesses, net of cash acquired	—	—	(30,373)
Proceeds from the sale of investments	198,254	154,223	182,853
Payments for purchases of investments	(223,532)	(202,690)	(177,880)
Proceeds from sale of productive assets	—	2,033	—
Net cash provided by (used in) investing activities	<u>(41,478)</u>	<u>(64,547)</u>	<u>(53,330)</u>
Cash Flows from Financing Activities			
Restricted stock tax withholdings	(9,074)	(16,064)	(11,009)
Repayment of convertible debt	(5,229)	—	—
Debt issuance costs	(885)	—	—
Contingent consideration payments	—	(1,818)	(2,500)
Proceeds (net of tax withholdings) from option exercises and employee stock purchase plan	4,719	5,303	4,618
Proceeds from issuance of 2029 Notes, net of issuance costs	—	—	223,202
Extinguishment of convertible notes	—	—	(218,991)
Net cash provided by (used in) financing activities	<u>(10,469)</u>	<u>(12,579)</u>	<u>(4,680)</u>
Effect of exchange rate changes on cash and cash equivalents	101	10	(16)
Net increase (decrease) in cash, cash equivalents, and restricted cash	17,647	(13,301)	3,648
Cash, cash equivalents, and restricted cash - beginning of period	145,819	159,120	155,472
Cash, cash equivalents, and restricted cash - end of period	<u>\$ 163,466</u>	<u>\$ 145,819</u>	<u>\$ 159,120</u>
Supplemental Disclosure of Cash Flow Information			
Interest paid	\$ 8,233	\$ 9,501	\$ 11,781
Income taxes paid, net of refunds received	87	3,034	5,095
Non-cash activities			
Capital expenditures included in accounts payable and accrued expenses	1,974	4,395	4,388
Net transfer of inventory to property, plant and equipment	—	—	4,296
Right-of-use assets obtained in exchange for lease obligations	944	5,179	630

See accompanying Notes to the Consolidated Financial Statements.

Note 1 — Significant Accounting Policies

(a) Description of Business

Veeco Instruments Inc. (together with its consolidated subsidiaries, “Veeco,” or the “Company”) operates in a single segment: the development, manufacture, sales, and support of semiconductor and thin film process equipment primarily sold to make electronic devices.

Pending Merger with Axcelis Technologies, Inc.

On September 30, 2025, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Axcelis Technologies, Inc., a Delaware corporation (“Axcelis”), and Victory Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Axcelis (“Merger Sub”). Pursuant to the Merger Agreement, and subject to the satisfaction or waiver of the conditions specified therein, Merger Sub will merge with and into Veeco (the “Merger”), with Veeco surviving as a wholly-owned subsidiary of Axcelis. See Note 17 “Merger” for additional information.

(b) Basis of Presentation

The accompanying audited Consolidated Financial Statements of the Company have been prepared in accordance with United States generally accepted accounting principles (“GAAP”). The Company reports interim quarters on a 13-week basis ending on the last Sunday of each period, which is determined at the start of each year. The Company’s fourth quarter always ends on the last day of the calendar year, December 31. During 2025 the interim quarters ended on March 30, June 29, and September 28, and during 2024 the interim quarters ended on March 31, June 30, and September 29. The Company reports these interim quarters as March 31, June 30, and September 30 in its interim consolidated financial statements.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, these estimates may ultimately differ from actual results. Significant items subject to such estimates and assumptions include: (i) stand-alone selling prices for the Company’s products and services; (ii) allowances for doubtful accounts; (iii) inventory obsolescence; (iv) the useful lives and expected future cash flows of property, plant, and equipment and identifiable intangible assets; (v) the fair value of the Company’s reporting unit and related goodwill; (vi) investment valuations and the valuation of derivatives, deferred tax assets, and assets acquired in business combinations; (vii) the recoverability of long-lived assets; (viii) liabilities for product warranty and legal contingencies; (ix) share-based compensation; (x) lease term and incremental borrowing rates used in determining operating lease assets and liabilities; (xi) income tax uncertainties; (xii) purchase accounting estimates; and (xiii) contingent consideration estimates.

(d) Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions have been eliminated in consolidation. Companies acquired during each reporting period are reflected in the results of the Company effective from their respective dates of acquisition through the end of the reporting period.

(e) Foreign Currencies

Assets and liabilities of the Company’s foreign subsidiaries that operate using functional currencies other than the U.S. dollar are translated using the exchange rates in effect at the balance sheet date. Results of operations are translated using monthly average exchange rates. Adjustments arising from the translation of the foreign currency financial statements of the Company’s subsidiaries into U.S. dollars, including intercompany transactions of a long-term nature, are reported as currency translation adjustments in “Accumulated other comprehensive income” in the Consolidated Balance Sheets.

Foreign currency transaction gains or losses are included in “Other operating expense (income), net” in the Consolidated Statements of Operations.

(f) Revenue Recognition

Revenue is recognized upon the transfer of control of the promised product or service to the customer in an amount that reflects the consideration the Company expects to receive in exchange for such product or service. The Company’s contracts with customers generally do not contain variable consideration. In the rare instances where variable consideration is included, the Company estimates the amount of variable consideration and determines what portion of that, if any, has a high probability of significant subsequent revenue reversal, and if so, that amount is excluded from the transaction price. The Company’s contracts with customers frequently contain multiple deliverables, such as systems, upgrades, components, spare parts, installation, maintenance, and service plans. Judgment is required to properly identify the performance obligations within a contract and to determine how the revenue should be allocated among the performance obligations. The Company also evaluates whether multiple transactions with the same customer or related parties should be considered part of a single contract based on an assessment of whether the contracts or agreements are negotiated or executed within a short time frame of each other or if there are indicators that the contracts are negotiated in contemplation of one another.

When there are separate units of accounting, the Company allocates revenue to each performance obligation on a relative stand-alone selling price basis. The stand-alone selling prices are determined based on the prices at which the Company separately sells the systems, upgrades, components, spare parts, installation, maintenance, and service plans. For items that are not sold separately, the Company estimates stand-alone selling prices generally using an expected cost plus margin approach.

Most of the Company’s revenue is recognized at a point in time when the performance obligation is satisfied. The Company considers many facts when evaluating each of its sales arrangements to determine the timing of revenue recognition, including its contractual obligations and the nature of the customer’s post-delivery acceptance provisions. The Company’s system sales arrangements, including certain upgrades, generally include field acceptance provisions that may include functional or mechanical test procedures. For many of these arrangements, a customer source inspection of the system is performed in the Company’s facility, test data is sent to the customer documenting that the system is functioning to the agreed upon specifications prior to delivery, or other quality assurance testing is performed internally to ensure system functionality prior to shipment. Historically, such source inspection or test data replicates the field acceptance provisions that are performed at the customer’s site prior to final acceptance of the system. When the Company objectively demonstrates that the criteria specified in the contractual acceptance provisions are achieved prior to delivery either through customer testing or the Company’s historical experience of its tools meeting specifications, transfer of control of the product to the customer is considered to have occurred and revenue is recognized upon system delivery since there is no substantive contingency remaining related to the acceptance provisions at that date. For new products, new applications of existing products, or for products with substantive customer acceptance provisions where the Company cannot objectively demonstrate that the criteria specified in the contractual acceptance provisions have been achieved prior to delivery, revenue and the associated costs are deferred. The Company recognizes such revenue and costs upon obtaining objective evidence that the acceptance provisions can be achieved, assuming all other revenue recognition criteria have been met.

In certain cases, the Company’s contracts with customers contain a billing retention, which is billed by the Company and payable by the customer when field acceptance provisions are completed. Revenue recognized in advance of the amount that has been billed is recorded as a Contract Asset on the Consolidated Balance Sheets.

The Company recognizes revenue related to maintenance and service contracts over time based upon the respective contract term. Installation revenue is recognized over time as the installation services are performed. The Company recognizes revenue from the sales of components, spare parts, and specified service engagements at a point in time, which is typically consistent with the time of delivery in accordance with the terms of the applicable sales arrangement.

The Company may receive advanced payments on system transactions. The timing of the transfer of goods or services related to the advanced payments is either at the discretion of the customer or expected to be within one year from the advanced receipt. As such, the Company does not adjust transaction prices for the time value of money. Incremental direct costs incurred related to the acquisition of a customer contract, such as sales commissions, are expensed as incurred since the expected performance period is one year or less.

The Company has elected to treat shipping and handling costs, including those costs incurred to move, package, and prepare the Company's products for shipment and to move the products to a customer's designated location, as a fulfillment activity, and the Company includes such costs in "Cost of sales" in the Consolidated Statements of Operations as incurred. These costs are generally comprised of payments to third-party shippers. Taxes assessed by governmental authorities that are collected by the Company from a customer are excluded from revenue.

(g) Warranty Costs

The Company typically provides standard warranty coverage on its systems for one year from the date of final acceptance by providing labor and parts necessary to repair the systems during the warranty period. The Company records the estimated warranty cost when revenue is recognized on the related system. Warranty cost is included in "Cost of sales" in the Consolidated Statements of Operations. The estimated warranty cost is based on the Company's historical experience with its systems and regional labor costs. The Company calculates the average service hours by region and parts expense per system utilizing actual service records to determine the estimated warranty charge. The Company updates its warranty estimates on a quarterly basis when the actual product performance or field expense differs from original estimates.

(h) Research and Development Costs

Research and development costs are expensed as incurred and include charges for the development of new technology and the transition of existing technology into new products or services.

(i) Advertising Expense

The cost of advertising is expensed as incurred and totaled \$0.4 million for each of the years ended December 31, 2025, 2024, and 2023, respectively.

(j) Accounting for Share-based Compensation

Share-based awards exchanged for employee services are accounted for under the fair value method. Accordingly, share-based compensation cost is measured at the grant date based on the estimated fair value of the award. The expense for awards is recognized over the employee's requisite service period (generally the vesting period of the award). The Company has elected to treat awards with only service conditions and with graded vesting as one award. Consequently, the total compensation expense is recognized straight-line over the entire vesting period, so long as the compensation cost recognized at any date at least equals the portion of the grant date fair value of the award that is vested at that date. Additionally, the Company will make adjustments to compensation expense for forfeitures as they occur.

In addition to stock options, restricted share awards ("RSAs") and restricted stock units ("RSUs") with time-based vesting, the Company grants performance share units and awards ("PSUs" and "PSAs") that have either performance or market conditions. Compensation cost for PSUs and PSAs with market conditions is recognized over the requisite service period regardless of the expected level of achievement. For all PSUs and PSAs, the number of shares issued to the employee at the conclusion of the service period may vary from the original target based upon the level of attainment of the performance or market conditions.

The Company uses the Black-Scholes option-pricing model to compute the estimated fair value of option awards and purchase rights under the Employee Stock Purchase Plan. The Company uses a Monte Carlo simulation to compute the estimated fair value of awards with market conditions. The Black-Scholes model and Monte Carlo simulation include

assumptions regarding dividend yields, expected volatility, expected option term, and risk-free interest rates. See Note 13, "Stock Plans," for additional information.

(k) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rate is recognized in income in the period that includes the enactment date. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will not be realized, which is dependent upon the generation of future taxable income.

(l) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, investments, derivative financial instruments used in hedging activities, and accounts receivable. The Company invests in a variety of financial instruments and, by policy, limits the amount of credit exposure with any one financial institution or commercial issuer. Historically, the Company has not experienced any material credit losses on its investments.

The Company maintains an allowance reserve for potentially uncollectible accounts receivable for estimated losses resulting from the inability of its customers to make required payments. The Company evaluates its allowance for doubtful accounts based on a combination of factors. In circumstances where specific invoices are deemed to be uncollectible, the Company provides a specific allowance for bad debt against the amount due to reduce the net recognized receivable to the amount reasonably expected to be collected. The Company also provides allowances based on its write-off history. Finally, the Company also considers its current expectations of future economic conditions, when estimating its allowance for doubtful accounts. The allowance for doubtful accounts totaled \$1.0 million at both December 31, 2025 and 2024.

To further mitigate the Company's exposure to uncollectible accounts receivable, the Company may request certain customers provide a negotiable irrevocable letter of credit drawn on a reputable financial institution. These irrevocable letters of credit are typically issued to mature between zero and 90 days from the date the documentation requirements are met, typically when a system ships or upon receipt of final acceptance from the customer. The Company, at its discretion, may monetize these letters of credit on a non-recourse basis after they become negotiable but before maturity. The fees associated with the monetization are included in "Selling, general, and administrative" in the Consolidated Statements of Operations and were immaterial for the years ended December 31, 2025, 2024, and 2023.

(m) Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash equivalents, accounts receivable, accounts payable, and accrued expenses reflected in the consolidated financial statements approximate fair value due to their short-term maturities. The fair value of debt for footnote disclosure purposes, including current maturities, if any, is estimated using recently quoted market prices of the instrument, or if not available, a discounted cash flow analysis based on the estimated current incremental borrowing rates for similar types of instruments.

(n) Cash, Cash Equivalents, and Short-term Investments

All financial instruments purchased with an original maturity of three months or less at the time of purchase are considered cash equivalents. Such items may include liquid money market funds, certificate of deposit and time deposit accounts, U.S. treasuries, government agency securities, and corporate debt. Investments that are classified as cash equivalents are carried at cost, which approximates fair value. The Company's cash and cash equivalents includes \$79.2 million and \$81.0 million of cash equivalents at December 31, 2025 and 2024, respectively.

A portion of the Company's cash and cash equivalents is held by its subsidiaries throughout the world, frequently in each subsidiary's respective functional currency, which is typically the U.S. dollar. Approximately 14% and 31% of cash and cash equivalents were maintained outside the United States at December 31, 2025 and 2024, respectively.

Short-term investments consist of marketable debt securities, and are generally classified as available-for-sale for use in current operations, if required, and are reported at fair value, with unrealized gains and losses, net of tax, presented as a separate component of stockholders' equity under the caption "Accumulated other comprehensive income" on the Consolidated Balance Sheets. These securities can include U.S. treasuries, government agency securities, corporate debt, and commercial paper, all with maturities of greater than three months when purchased. All realized gains and losses and unrealized losses resulting from declines in fair value that are other than temporary are included in "Other operating expense (income), net" in the Consolidated Statements of Operations. The specific identification method is used to determine the realized gains and losses on investments.

Non-marketable equity securities are equity securities without readily observable market prices and are included in "Other assets" in the Consolidated Balance Sheets. Non-marketable securities are measured at cost, adjusted for changes in observable prices minus impairment. Changes in fair value and impairment charges are included in "Other income (expense), net" in the Consolidated Statements of Operations.

(o) Inventories

Inventories are stated at the lower of cost and net realizable value, with cost determined on a first-in, first-out basis. Each quarter the Company assesses the valuation and recoverability of all inventories: materials (raw materials, spare parts, and service inventory); work-in-process; finished goods; and evaluation inventory at customer facilities. Obsolete inventory or inventory in excess of management's estimated usage requirement is written down to its estimated net realizable value if less than cost. The Company evaluates usage requirements by analyzing historical usage, anticipated demand, alternative uses of materials, and other qualitative factors. Unanticipated changes in demand for the Company's products may require a write down of inventory, which would be reflected in "Cost of Sales" in the Consolidated Statements of Operations in the period the revision is made. Inventory acquired as part of a business combination is recorded at fair value on the date of acquisition.

(p) Business Combinations

The Company allocates the fair value of the purchase consideration of the Company's acquisitions to the tangible assets, intangible assets, and liabilities assumed, based on estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred. Additionally, the Company estimates the fair value of contingent consideration included as part of the purchase price by assigning probabilities and discount factors to each of the various defined performance milestones, while using a Monte-Carlo simulation model to determine the most likely outcome for payments to be based on value of orders received.

(q) Goodwill

Goodwill is an asset representing the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is measured as the excess of the consideration transferred over the net fair value of identifiable assets acquired and liabilities assumed. Goodwill is evaluated for impairment in the beginning of the fourth quarter of each year or more frequently if impairment indicators arise.

In testing goodwill for impairment, the Company may first perform a qualitative assessment of whether it is more likely than not that the reporting unit's fair value is less than its carrying amount, and, if so, the Company then quantitatively compares the fair value of the reporting unit to its carrying amount. If the fair value exceeds the carrying amount, goodwill is not impaired. If the carrying amount exceeds fair value, the Company then records an impairment loss equal to the difference, up to the carrying value of goodwill.

The Company determines the fair value of its reporting unit based on a reconciliation of the fair value of the reporting unit to the Company's adjusted market capitalization. The adjusted market capitalization is calculated by multiplying the average share price of the Company's common stock for the last ten trading days prior to the measurement date by the number of outstanding common shares and adding a control premium. The control premium is estimated using historical transactions in similar industries.

(r) Long-lived Assets

Long-lived intangible assets consist of purchased technology, customer relationships, patents, trademarks and tradenames, software licenses, and backlog and are initially recorded at fair value. Long-lived intangible assets are amortized over their estimated useful lives utilizing a method reflecting the pattern in which the economic benefits are consumed or straight-lined if such pattern cannot be reliably determined.

Property, plant, and equipment are recorded at cost. Depreciation expense is calculated based on the estimated useful lives of the assets by using the straight-line method. Amortization of leasehold improvements is recognized using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, a recoverability test is performed utilizing undiscounted cash flows expected to be generated by that asset or asset group compared to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models or, when available, quoted market values and third-party appraisals.

(s) Leases

The Company determines at contract inception if an arrangement is a lease, or contains a lease, of an identified asset for which the Company has the right to obtain substantially all of the economic benefits from its use and the right to direct its use. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. The implicit discount rate in the Company's leases generally cannot readily be determined, and therefore the Company uses its incremental borrowing rate based on information available at lease commencement date in determining the present value of future payments. The Company has options to renew or terminate certain leases. These options are included in the determination of lease term when it is reasonably certain that the Company will exercise such options. The Company does not separate lease and non-lease components in determining ROU assets or lease liabilities for real estate leases. Additionally, the Company does not recognize ROU assets or lease liabilities for leases with original terms or renewals of one year or less.

(t) Recently Adopted Accounting Standards

The Company adopted on a retrospective basis ASU 2023-09: Improvements to Income Tax Disclosures (Topic 740) on December 31, 2025. This amendment requires public entities annually to disclose consistent categories and greater disaggregation of information in the rate reconciliation and for income taxes paid. It also includes certain other amendments to improve the effectiveness of annual income tax disclosures. Refer to Note 15 "Income Taxes" for further details.

The Company adopted prospectively ASU 2024-04, Debt – Debt with Conversion and Other Options (Subtopic 470-20) on June 30, 2025. This amendment clarifies the conditions in which induced conversion accounting applies to convertible debt by outlining three criteria that must be met for an entity to apply the induced conversion model which was applied to the repurchase of the 2027 Notes. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2025 (and interim reporting periods within those annual reporting periods), with early adoption permitted. Refer to Note 11 "Debt" for further details.

(u) Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, “Disaggregation of Income Statements Expenses (Subtopic 220-40),” to improve income statement expenses disclosure. The standard requires more detailed information related to the types of expenses, including (among other items) the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization included within each interim and annual income statement’s expense caption, as applicable. This authoritative guidance can be applied prospectively or retrospectively and will be effective for financial statements issued for annual periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently in the process of evaluating the impact of adoption on its consolidated financial statements.

The Company is evaluating other pronouncements recently issued but not yet adopted. The adoption of these pronouncements is not expected to have a material impact on our consolidated financial statements.

Note 2 — Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares outstanding during the period. Diluted income per share is calculated by dividing net income (loss) available to common shareholders by the weighted average number of shares used to calculate basic income per share plus the weighted average number of common share equivalents outstanding during the period. The dilutive effect of outstanding options to purchase common stock and share-based awards is considered in diluted income per share by application of the treasury stock method. Finally, the Company includes the dilutive effect of shares issuable upon conversion of its Notes in the calculation of diluted income per share using the if-converted method. The Company must settle the principal amount of the 2029 Notes in cash, and has the option to settle any excess of the conversion value over the principal amount in any combination of cash or shares. As such, the Company only includes the excess shares that may be issuable above the principal amount of the 2029 Notes in the dilutive share count, if the effect would be dilutive.

The computations of basic and diluted income (loss) per share for the years ended December 31, 2025, 2024, and 2023 are as follows:

	For the year ended December 31,		
	2025	2024	2023
	<i>(in thousands, except per share amounts)</i>		
Numerator:			
Net income (loss)	\$ 35,390	\$ 73,714	\$ (30,368)
Interest expense associated with convertible notes	378	2,054	—
Net income (loss) available to common shareholders	\$ 35,768	\$ 75,768	\$ (30,368)
Denominator:			
Basic weighted average shares outstanding	59,299	56,426	53,769
Effect of potentially dilutive share-based awards	634	1,010	—
Dilutive effect of convertible notes	661	4,160	—
Diluted weighted average shares outstanding	60,594	61,596	53,769
Net income (loss) per common share:			
Basic	\$ 0.60	\$ 1.31	\$ (0.56)
Diluted	\$ 0.59	\$ 1.23	\$ (0.56)

Common share equivalents excluded from the diluted weighted average shares outstanding since the Company incurred a net loss and their effect would be antidilutive	—	—	850
Potentially dilutive shares excluded from the diluted calculation as their effect would be antidilutive	624	111	212
Maximum potential shares to be issued for settlement of convertible senior notes excluded from the diluted calculation as their effect would be antidilutive	45	—	7,319

Note 3 — Fair Value Measurements

Fair value is the price that would be received for an asset or the amount paid to transfer a liability in an orderly transaction between market participants. The Company is required to classify certain assets and liabilities based on the following fair value hierarchy:

- Level 1: Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company has evaluated the estimated fair value of financial instruments using available market information and valuations as provided by third-party sources. The use of different market assumptions or estimation methodologies could have a significant effect on the estimated fair value amounts.

The following table presents the Company's assets that were measured at fair value on a recurring basis at December 31, 2025 and 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>(in thousands)</i>			
December 31, 2025				
Cash equivalents				
Certificate of deposits and time deposits	\$ 63,893	\$ —	\$ —	\$ 63,893
Money market cash	15,327	—	—	15,327
Total	<u>\$ 79,220</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 79,220</u>
Short-term investments				
U.S. treasuries	\$ 77,110	\$ —	\$ —	\$ 77,110
Government agency securities	—	53,488	—	53,488
Corporate debt	—	96,165	—	96,165
Total	<u>\$ 77,110</u>	<u>\$ 149,653</u>	<u>\$ —</u>	<u>\$ 226,763</u>
December 31, 2024				
Cash equivalents				
Certificate of deposits and time deposits	\$ 66,023	\$ —	\$ —	\$ 66,023
Money market cash	15,003	—	—	15,003
Total	<u>\$ 81,026</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 81,026</u>
Short-term investments				
U.S. treasuries	\$ 84,032	\$ —	\$ —	\$ 84,032
Government agency securities	—	30,167	—	30,167
Corporate debt	—	83,051	—	83,051
Commercial paper	—	1,469	—	1,469
Total	<u>\$ 84,032</u>	<u>\$ 114,687</u>	<u>\$ —</u>	<u>\$ 198,719</u>

The Company's investments classified as Level 1 are based on quoted prices that are available in active markets, as well as certificates of deposits and time deposits that are classified as Level 1 due to their short-term nature. The Company's investments classified as Level 2 are valued using observable inputs to quoted market prices, benchmark yields, reported trades, broker/dealer quotes, or alternative pricing sources with reasonable levels of price transparency.

Note 4 — Investments

At December 31, 2025 and 2024 the amortized cost and fair value of marketable securities, which are included in “Short-term investments” on the Consolidated Balance Sheets, were as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
	<i>(in thousands)</i>			
December 31, 2025				
U.S. treasuries	\$ 77,106	\$ 52	\$ (48)	\$ 77,110
Government agency securities	53,473	50	(35)	53,488
Corporate debt	96,144	86	(65)	96,165
Total	<u>\$ 226,723</u>	<u>\$ 188</u>	<u>\$ (148)</u>	<u>\$ 226,763</u>
December 31, 2024				
U.S. treasuries	\$ 84,008	\$ 45	\$ (21)	\$ 84,032
Government agency securities	30,244	13	(90)	30,167
Corporate debt	83,209	17	(175)	83,051
Commercial paper	1,469	—	—	1,469
Total	<u>\$ 198,930</u>	<u>\$ 75</u>	<u>\$ (286)</u>	<u>\$ 198,719</u>

Available-for-sale securities in a loss position at December 31, 2025 and 2024 were as follows:

	<u>Continuous Loss Position for Less than 12 Months</u>	
	<u>Estimated Fair Value</u>	<u>Gross Unrealized Losses</u>
	<i>(in thousands)</i>	
December 31, 2025		
U.S. treasuries	\$ 37,609	\$ (48)
Government agency securities	24,028	(35)
Corporate debt	45,675	(65)
Total	<u>\$ 107,312</u>	<u>\$ (148)</u>
December 31, 2024		
U.S. treasuries	\$ 26,756	\$ (21)
Government agency securities	20,062	(90)
Corporate debt	58,967	(175)
Total	<u>\$ 105,785</u>	<u>\$ (286)</u>

The contractual maturities of securities classified as available-for-sale at December 31, 2025 were as follows:

	<u>December 31, 2025</u>	
	<u>Amortized Cost</u>	<u>Estimated Fair Value</u>
	<i>(in thousands)</i>	
Due in one year or less	\$ 142,383	\$ 142,494
Due after one year through two years	76,693	76,646
Due after two years through three years	7,647	7,623
Total	<u>\$ 226,723</u>	<u>\$ 226,763</u>

Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. The realized gains or losses for the years ended December 31, 2025, 2024, and 2023 were immaterial.

Note 5 — Business Combination

Epiluvac

On January 31, 2023, the Company acquired Epiluvac AB, a privately held manufacturer of chemical vapor deposition (CVD) epitaxy systems that enable silicon carbide (SiC) applications in the electric vehicle market. The results of Epiluvac’s operations have been included in the consolidated financial statements since the date of acquisition.

The acquisition date fair value of the consideration totaled \$56.4 million, net of cash acquired, which consisted of the following:

	Acquisition Date (January 31, 2023)
	<i>(in thousands)</i>
Cash paid, net of cash acquired	\$ 30,373
Contingent consideration	26,055
Acquisition date fair value	<u>\$ 56,428</u>

The purchase agreement included performance milestones that, if achieved, could trigger additional payments to the original selling shareholders. The contingent arrangements include payments up to \$15.0 million based on the timely completion of certain defined milestones tied to strategic targets, and up to \$20.0 million based on the percentage of orders received during the defined earn-out period. The earn-out period is four years after the closing date of the acquisition, or earlier if certain conditions are met.

The Company estimated the fair value of the contingent consideration by assigning probabilities and discount factors to each of the various defined performance milestones, while using a Monte-Carlo simulation model to determine the most likely outcome for payments to be based on the value of orders received. These fair value measurements are based on significant inputs not observable in the market and thus represent a Level 3 measurement as defined in ASC 820. The discount rate used was 5.54% for the strategic target and order value related contingent payments. The rate was determined based on the nature of the milestone, the risks and uncertainties involved and the time period until the milestone was measured. The determination of the various probabilities and discount factors is highly subjective, requires significant judgment and is influenced by a number of factors, including the adoption of SiC technology. The aggregate fair value of the contingent consideration arrangement at the acquisition date was \$26.1 million.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date:

	Acquisition Date (January 31, 2023)	
	<i>(in thousands)</i>	
Accounts receivable	\$	247
Inventories		391
Prepaid expense and other current assets		381
Property, plant, and equipment		736
Intangible assets		28,540
Total identifiable assets acquired		<u>30,295</u>
Accounts payable and accrued expenses		656
Contract liabilities		429
Deferred income taxes		5,723
Other liabilities		80
Total liabilities assumed		<u>6,888</u>
Net identifiable assets acquired		23,407
Goodwill		<u>33,021</u>
Net assets acquired	\$	<u><u>56,428</u></u>

The gross contractual value of the acquired accounts receivable is the amount expected to be collected by the Company, and therefore is also considered its fair value. Goodwill generated from the acquisition was primarily attributed to expected synergies from future growth and strategic advantages provided through the expansion of product offerings as well as assembled workforce and is not expected to be deductible for income tax purposes.

The classes of intangible assets acquired, and the estimated useful life of each class is presented in the table below:

	Acquisition Date (January 31, 2023)	
	<u>Amount</u>	<u>Useful life</u>
	<i>(in thousands)</i>	
Technology	\$ 28,020	15 years
Customer relationships	460	5 years
Backlog	60	1.5 years
Intangible assets acquired	<u>\$ 28,540</u>	

The Company determined the estimated fair value of the identifiable intangible assets based on various factors including cost, discounted cash flow, income method, loss-of-revenue/income method, and relief-from-royalty method in determining the purchase price allocation.

For the year ended December 31, 2023, the Company incurred approximately \$1.1 million of acquisition related costs, included within “Selling, general, and administrative” in the Consolidated Statement of Operations.

During the fourth quarter of 2024, the Company lowered its projected cash flows for the Epiluvac asset group as a result of the Company’s market penetration not meeting expectations associated with the SiC technology, and determined that the revised projections were significantly lower than projected cash flows at the time of the acquisition and that these revised projections required the Company to assess the Epiluvac asset group for impairment. See Note 8, “Goodwill and Intangible Assets,” for additional information.

Additionally, the Company updates its estimate of fair value of the contingent consideration each reporting period, utilizing the same methodologies described above. During the year ended December 31, 2025, the Company reduced the contingent consideration by approximately \$0.9 million as a result of the lowered projected bookings, the benefit for which was included within “Other operating expense (income) net” in the Consolidated Statement of Operations. The total contingent consideration liability as of December 31, 2025 was \$0.3 million, which was included in “Accrued expenses and other current liabilities” on the Consolidated Balance Sheet. During the year ended December 31, 2024, the Company reduced the contingent consideration by approximately \$21.2 million as a result of the lowered projected bookings, the benefit for which was included within “Other operating expense (income), net” in the Consolidated Statement of Operations. Additionally, during the year ended December 31, 2024, the Company paid \$1.8 million to the original selling shareholders associated with the settlement of a strategic target milestone. The total contingent consideration liability as of December 31, 2024 was \$1.2 million, of which \$0.7 million was included in “Accrued expenses and other current liabilities” and \$0.5 million was included within “Other liabilities” on the Consolidated Balance Sheet.

Note 6 — Inventories

Inventories are stated at the lower of cost and net realizable value, with cost determined on a first-in, first-out basis. Inventories consist of the following:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
	<i>(in thousands)</i>	
Materials	\$ 156,385	\$ 129,178
Work-in-process	80,947	88,361
Finished goods	7,017	3,016
Evaluation inventory	30,949	26,180
Total	\$ 275,298	\$ 246,735

Note 7 — Property, Plant, and Equipment

Property, plant, and equipment, net, consist of the following:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>Average Useful Life</u>
	<i>(in thousands)</i>		
Land	\$ 5,061	\$ 5,061	N/A
Building and improvements	61,749	61,504	10 – 40 years
Machinery and equipment ⁽¹⁾	198,898	190,810	3 – 10 years
Leasehold improvements	55,210	53,759	3 – 17 years
Gross property, plant, and equipment	320,918	311,134	
Less: accumulated depreciation and amortization	212,272	197,345	
Property, plant, and equipment, net	\$ 108,646	\$ 113,789	

(1) Machinery and equipment includes software, furniture, and fixtures

Depreciation expense was \$16.9 million, \$18.2 million, and \$16.5 million for the years ended December 31, 2025, 2024, and 2023, respectively.

Note 8 — Goodwill and Intangible Assets

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized. There were no changes in goodwill balances during the year ended December 31, 2025.

The Company performs its annual goodwill impairment test at the beginning of the fourth quarter each year. As the Company maintains a single goodwill reporting unit, it determines the fair value of its reporting unit based upon the Company's adjusted market capitalization. The annual test performed at the beginning of the fourth quarter of fiscal 2025, 2024, and 2023 did not result in any potential impairment as the fair value of the reporting unit was determined to exceed the carrying amount of the reporting unit.

The valuation of goodwill will continue to be subject to changes in the Company's market capitalization and observable market control premiums. This analysis is sensitive to changes in the Company's stock price and absent other qualitative factors, the Company may be required to record goodwill impairment charges in future periods if the stock price declines and remains depressed for an extended period of time.

The components of purchased intangible assets were as follows:

	Average Remaining Amortization Period <i>(in years)</i>	December 31, 2025			December 31, 2024		
		Gross Carrying Amount	Accumulated Amortization and Impairment	Net Amount	Gross Carrying Amount	Accumulated Amortization and Impairment	Net Amount
		<i>(in thousands)</i>					
Technology	0.4	\$ 355,928	\$ 355,437	\$ 491	\$ 355,928	\$ 354,066	\$ 1,862
Customer relationships	3.3	146,925	141,720	5,205	146,925	139,955	6,970
Trademarks and tradenames	-	30,910	30,910	—	30,910	30,910	—
Other	-	3,746	3,746	—	3,746	3,746	—
Total	3.1	\$ 537,509	\$ 531,813	\$ 5,696	\$ 537,509	\$ 528,677	\$ 8,832

Other intangible assets primarily consist of patents, licenses, and backlog.

During the fourth quarter of 2024, the Company lowered its projected cash flows for the Epiluvac asset group, which were significantly below the projected cash flows at the time of the acquisition. The reduced projections were based on the Company's market penetration not meeting expectations associated with the SiC technology. This required the Company to assess the Epiluvac asset group for impairment. As a result of the analysis, which included projected sales and other cash flows that required the use of unobservable inputs, the Company recorded a non-cash impairment charge of \$28.1 million related to definite-lived intangible assets during the fourth quarter of 2024. The impairment charge is included in "Asset impairment" in the Consolidated Statement of Operations.

Based on the intangible assets recorded at December 31, 2025, and assuming no subsequent additions to or impairment of the underlying assets, the remaining estimated annual amortization expense, is expected to be as follows:

	<u>Amortization</u> <i>(in thousands)</i>
2026	\$ 2,134
2027	1,550
2028	1,481
2029	531
Total	\$ 5,696

Note 9 — Accrued Expenses and Other Liabilities

The components of accrued expenses and other current liabilities were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
	<i>(in thousands)</i>	
Payroll and related benefits	\$ 21,772	\$ 30,398
Warranty	10,348	9,740
Operating lease liabilities	4,164	3,757
Interest	680	1,198
Professional fees	1,315	1,969
Sales, use, and other taxes	958	1,539
Merger costs	727	—
Contingent consideration	275	702
Other	5,264	5,892
Total	<u>\$ 45,503</u>	<u>\$ 55,195</u>

Contract Liabilities and Performance Obligations

Contract liabilities consist of unsatisfied performance obligations related to advanced payments received and billing in excess of revenue recognized. The contract liability balance as of December 31, 2024 was approximately \$65.0 million, of which the Company recognized approximately \$58.7 million into revenue during the year ended December 31, 2025.

This reduction in contract liabilities was offset by new billings for products and services which were unsatisfied performance obligations to customers and revenue had not yet been recognized as of December 31, 2025.

As of December 31, 2025, the Company has approximately \$39.0 million of remaining performance obligations on contracts with an original estimated duration of one year or more, of which approximately 71% is expected to be recognized within one year, with the remaining amounts expected to be recognized between one to three years. The Company has elected to exclude disclosures regarding remaining performance obligations that have an original expected duration of one year or less.

Other liabilities

Other Liabilities at December 31, 2025 and 2024 was approximately \$3.9 million and \$3.8 million, respectively, which included medical and dental benefits for former executives, asset retirement obligations and tax liabilities.

Note 10 — Commitments and Contingencies

Warranty

Changes in the Company's product warranty reserves were as follows:

	<u>December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
	<i>(in thousands)</i>		
Balance - beginning of the year	\$ 9,740	\$ 8,864	\$ 8,601
Warranties issued	7,262	6,160	6,479
Addition from Epiluvac acquisition	—	—	49
Consumption of reserves	(5,422)	(6,148)	(7,029)
Changes in estimate	(1,232)	864	764
Balance - end of the year	<u>\$ 10,348</u>	<u>\$ 9,740</u>	<u>\$ 8,864</u>

Minimum Lease Commitments

The Company's operating leases primarily include real estate leases for properties used for manufacturing, R&D activities, sales and service, and administration, as well as certain equipment leases. Some leases may include options to renew for a period of up to 5 years, while others may include options to terminate the lease. The weighted average remaining lease term of the Company's operating leases as of December 31, 2025 was 10 years, and the weighted average discount rate used in determining the present value of future lease payments was 5.7%.

The following table provides the maturities of lease liabilities at December 31, 2025:

	Operating Leases
	<i>(in thousands)</i>
Payments due by period:	
2026	\$ 4,671
2027	4,883
2028	4,440
2029	4,302
2030	4,077
Thereafter	26,539
Total future minimum lease payments	48,912
Less: Imputed interest	(12,911)
Total	<u>\$ 36,001</u>
Reported as of December 31, 2025	
Accrued expenses and other current liabilities	\$ 4,164
Long-term operating lease liabilities	31,837
Total	<u>\$ 36,001</u>

Operating lease cost for the years ended December 31, 2025, 2024, and 2023 was \$5.0 million, \$4.8 million, and \$5.0 million, respectively. Variable lease expense, which includes costs not included in the operating lease costs, for the years ended December 31, 2025, 2024, and 2023 was \$1.1 million, \$1.3 million, and \$1.1 million, respectively. Additionally, the Company has an immaterial amount of short-term leases. Lease expense, which includes operating lease costs and variable lease costs, was \$6.1 million for the years ended December 31, 2025, 2024, and 2023, respectively. In addition, the Company is obligated under such leases for certain other expenses, including real estate taxes and insurance. Operating cash outflows from operating leases for the year ended December 31, 2025, 2024, and 2023 were \$7.2 million, \$6.8 million, and \$5.8 million, respectively.

Legal Proceedings

The Company is involved in various legal proceedings arising in the normal course of business. The Company does not believe that the ultimate resolution of these matters will have a material adverse effect on its consolidated financial position, results of operations, or cash flows.

Concentrations of Credit Risk

The Company depends on purchases from its ten largest customers, which accounted for 68% and 63% of net accounts receivable at December 31, 2025 and 2024, respectively.

Customers who accounted for more than 10% of net accounts receivable or net sales are as follows:

Customer	Accounts Receivable December 31,		Net Sales For the Year Ended December 31,		
	2025	2024	2025	2024	2023
Customer A	24 %	13 %	17 %	11 %	*
Customer B	*	11 %	*	11 %	*
Customer C	*	13 %	*	*	*
Customer D	*	11 %	*	*	*
Customer E	*	*	*	*	10 %

* Less than 10% of aggregate accounts receivable or net sales

The Company manufactures and sells its products to companies in different geographic locations. Refer to Note 16, “Segment Reporting and Geographic Information,” for additional information. In certain instances, the Company requires deposits from its customers for a portion of the sales price in advance of shipment and performs periodic credit evaluations on its customers. Where appropriate, the Company requires letters of credit on certain non-U.S. sales arrangements. Receivables generally are due within 30 to 90 days from the date of invoice. In some geographies, receivables may be payable up to 150 days from the date of the invoice.

Receivable Purchase Agreement

The Company entered into a receivable purchase agreement with a financial institution to sell certain of its trade receivables from customers without recourse, up to \$30.0 million at any point in time. Pursuant to this agreement, the Company sold no receivables during the year ended December 31, 2025, and \$30.0 million was available under the agreement for additional sales of receivables. The Company sold \$8.0 million of receivables during the year ended December 31, 2024. The net sale of accounts receivable under the agreement is reflected as a reduction of accounts receivable in the Company’s Consolidated Balance Sheet at the time of sale and any fees for the sale of trade receivables were not material for the periods presented.

Suppliers

The Company outsources certain functions to third parties, including the manufacture of several of its systems. While the Company relies on its outsourcing partners to perform their contracted functions, the Company maintains some level of internal manufacturing capability for these systems. In addition, certain of the components and sub-assemblies included in the Company’s products are obtained from a single source or a limited group of suppliers. The failure of the Company’s present outsourcing partners and suppliers to meet their contractual obligations and the Company’s inability to make alternative arrangements or resume the manufacture of these systems could have a material adverse effect on the Company’s revenues, profitability, cash flows, and relationships with its customers.

The Company had deposits with its suppliers of \$9.8 million and \$18.7 million at December 31, 2025 and 2024, respectively, that were included in “Prepaid expenses and other current assets” on the Consolidated Balance Sheets.

Purchase Commitments

The Company had purchase commitments of \$150.8 million at December 31, 2025, the majority of which will come due within one year. Purchase commitments are primarily for inventory used in manufacturing products, as well as equipment and project materials used to support research and development activities, and are partially offset by existing deposits with suppliers.

Bank Guarantees

The Company has bank guarantees and letters of credit issued by a financial institution on its behalf as needed. At December 31, 2025, outstanding bank guarantees and letters of credit totaled \$2.4 million and unused bank guarantees and letters of credit of \$40.6 million were available to be drawn upon.

Note 11 — Debt

Convertible Senior Notes

2023 Notes

On January 10, 2017, the Company issued \$345.0 million of 2.70% convertible senior unsecured notes due 2023 (the “2023 Notes”). The 2023 Notes had a maturity date of January 15, 2023, unless earlier purchased by the Company, redeemed, or converted. The Company repurchased and retired approximately \$111.5 million and \$213.3 million of aggregate principal amount of its outstanding 2023 Notes during the years ended December 31, 2021 and December 31, 2020, respectively.

The 2023 Notes that remained outstanding matured on January 15, 2023 and were paid in cash and settled by the Company at that time.

2025 Notes

On November 17, 2020, as part of the privately negotiated exchange agreement, the Company issued \$132.5 million of 3.50% convertible senior notes due 2025 (the “2025 Notes”). The 2025 Notes bear interest at a rate of 3.50% per year, payable semiannually in arrears on January 15 and July 15 of each year, commencing on July 15, 2021. On May 19, 2023, in connection with the completion of a private offering of \$230.0 million aggregate principal amount of 2.875% convertible senior notes due 2029 described below, the Company repurchased and retired approximately \$106.0 million in aggregate principal amount of its outstanding 2025 Notes. The remaining principal amount of \$26.5 million 2025 Notes matured on January 15, 2025 and were settled through the issuance of 1.1 million shares of the Company’s common stock to the noteholders.

2027 Notes

On May 18, 2020, the Company completed a private offering of \$125.0 million of 3.75% convertible senior notes due 2027 (the “2027 Notes”). The Company received net proceeds of approximately \$121.9 million, after deducting underwriting discounts and fees and expenses payable by the Company. Additionally, the Company used approximately \$10.3 million of cash to purchase capped calls, discussed below. The 2027 Notes bore interest at a rate of 3.75% per year, payable semiannually in arrears on June 1 and December 1 of each year, commencing on December 1, 2020. The 2027 Notes were scheduled to mature on June 1, 2027, unless earlier purchased by the Company, redeemed, or converted. On May 19, 2023, in connection with the completion of a private offering of \$230.0 million aggregate principal amount of 2.875% convertible senior notes due 2029 described below, the Company repurchased and retired approximately \$100.0 million in aggregate principal amount of its outstanding 2027 Notes. The remaining principal amount of \$25.0 million 2027 Notes were settled on May 15, 2025 in a private transaction with all remaining 2027 Note holders for 1.6 million shares of the Company’s common stock and \$5.4 million in cash. The settlement was accounted for as an induced conversion resulting in an inducement expense of approximately \$0.7 million for the year ended December 31, 2025, which is included within “Other income (expense), net” on the Consolidated Statement of Operations, and a decrease to additional paid-in capital of \$20.2 million on the Consolidated Balance Sheets.

2029 Notes

On May 19, 2023, the Company completed a private offering of \$230.0 million of 2.875% convertible senior notes due 2029 (the “2029 Notes”). The Company received net proceeds of approximately \$223.2 million, after deducting underwriting discounts and fees and expenses payable by the Company. Additionally, the Company used approximately \$198.8 million of net proceeds from the offering to fund the cash portion of the 2025 Notes and 2027 Notes extinguishments described above and retained the remainder for general corporate purposes. The 2029 Notes bear interest at a rate of 2.875% per year, payable semiannually in arrears on June 1 and December 1 of each year, commencing on December 1, 2023. The 2029 Notes mature on June 1, 2029, unless earlier purchased by the Company, redeemed, or converted. The Company will settle any conversions of the 2029 Notes by paying cash up to the aggregate

principal amount of the 2029 Notes to be converted, and paying or delivering either cash, shares of the Company's stock, or a combination of cash and shares of common stock at the Company's election, in respect of the remainder, if any, of the conversion obligation in excess of the aggregate principal amount of the 2029 Notes being converted.

The 2029 Notes are unsecured obligations of Veeco and rank senior in right of payment to any of Veeco's subordinated indebtedness; equal in right of payment to all of Veeco's unsecured indebtedness that is not subordinated; effectively subordinated in right of payment to any of Veeco's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally subordinated to all indebtedness and other liabilities (including trade payables) of Veeco's subsidiaries.

The Company may redeem for cash, at its option, all or any portion of the outstanding 2029 Notes at any time on or after June 8, 2026, at a redemption price equal to 100% of the principal amount of such 2029 Notes to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date, if the last reported sale price of the common stock has been at least 130% of the conversion price for the applicable series of 2029 Notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides the redemption notice. Upon the Company's notice of redemption, holders may elect to convert their 2029 Notes based on the conversion rates and criteria outlined below.

The 2029 Notes are convertible at the option of the holders upon the satisfaction of specified conditions and during certain periods as described below. The initial conversion rates is 34.21852 shares of the Company's common stock per \$1,000 principal amount, representing an initial effective conversion price of \$29.22 per share of common stock. The conversion rate may be subject to adjustment upon the occurrence of certain specified events.

Holders may convert all or any portion of their 2029 Notes, in multiples of one thousand dollar principal amount, at their option at any time prior to the close of business on the business day immediately preceding February 1, 2029, only under the following circumstances:

- (i) During any calendar quarter (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- (ii) During the five consecutive business day period after any five consecutive trading day period (the "measurement period") in which the trading price per one thousand dollar principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of Veeco's common stock and the conversion rate on each such trading day;
- (iii) If the Company calls any or all of applicable series of the Notes for redemption at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or
- (iv) Upon the occurrence of specified corporate events.

Holders may convert their 2029 Notes at any time, regardless of the foregoing circumstances, on February 1, 2029 until the close of business on the business day immediately preceding the respective maturity date.

The carrying values of the Notes are as follows:

	December 31, 2025			December 31, 2024		
	Principal Amount	Unamortized transaction costs	Net carrying value	Principal Amount	Unamortized transaction costs	Net carrying value
	<i>(in thousands)</i>					
2025 Notes	\$ —	\$ —	\$ —	\$ 26,500	\$ (4)	\$ 26,496
2027 Notes	—	—	—	25,000	(223)	24,777
2029 Notes	230,000	(3,991)	226,009	230,000	(5,075)	224,925
Net carrying value	\$ 230,000	\$ (3,991)	\$ 226,009	\$ 281,500	\$ (5,302)	\$ 276,198

Total interest expense related to the Notes is as follows:

	For the year ended December 31,		
	2025	2024	2023
	<i>(in thousands)</i>		
Cash Interest Expense			
Coupon interest expense - 2023 Notes	\$ —	\$ —	\$ 23
Coupon interest expense - 2025 Notes	39	928	2,360
Coupon interest expense - 2027 Notes	347	938	2,385
Coupon interest expense - 2029 Notes	6,612	6,613	4,078
Non-cash Interest Expense			
Amortization of debt discount/transaction costs- 2023 Notes	—	—	4
Amortization of debt discount/transaction costs- 2025 Notes	4	98	240
Amortization of debt discount/transaction costs- 2027 Notes	30	90	220
Amortization of debt discount/transaction costs- 2029 Notes	1,084	1,069	654
Total Interest Expense	\$ 8,116	\$ 9,736	\$ 9,964

The Company determined the 2029 Notes are Level 2 liabilities in the fair value hierarchy and had an estimated fair value at December 31, 2025 of \$288.6 million.

Capped Call Transactions

In connection with the offering of the 2027 Notes, on May 13, 2020, the Company entered into privately negotiated capped call transactions (the “Capped Call Transactions”), pursuant to capped call confirmations, covering the initial underlying shares of the 2027 Notes of approximately 8.9 million shares, for an aggregate premium of \$10.3 million. The Capped Call Transactions feature a \$13.98 exercise price and a capped price of approximately \$18.46 per share, and mature on June 1, 2027. The Capped Call Transactions are subject to certain adjustments under the terms of the capped call confirmations.

The Capped Call Transactions are separate transactions entered into by the Company with the capped call counterparties, are not part of the terms of the 2027 Notes and did not change the previous holders’ rights under the 2027 Notes. Previous holders of the 2027 Notes did not have any rights with respect to the Capped Call Transactions. The cost of the Capped Call Transactions is not expected to be tax-deductible as the Company did not elect to integrate the Capped Call Transactions into the 2027 Notes for tax purposes. The Company used a portion of the net proceeds from the offering of the 2027 Notes to pay for the Capped Call Transactions, and the cost of the Capped Call Transactions was recorded as a reduction of the Company’s additional paid-in capital in the accompanying consolidated financial statements.

Revolving Credit Facility

On December 16, 2021, the Company entered into a Loan and Security Agreement (the “Loan and Security Agreement”) providing for a senior secured revolving credit facility in an aggregate principal amount of \$150 million including a \$15 million letter of credit sublimit. The Loan and Security Agreement was subsequently amended to increase the aggregate principal amount to \$225 million on August 2, 2024 (the “Third Amendment”), and \$250 million on June 16, 2025 (the “Fourth Amendment”). On September 30, 2025, the Loan and Security Agreement was subsequently amended to make certain amendments to the definition of “Changes of Control” and “Merger, Consolidation and Sale of Assets” covenant in the Loan and Security Agreement following the announcement of the Company’s Merger Agreement with Axcelis (the “Fifth Amendment”) (as amended to date, the “Credit Facility”). The Credit Facility matures on June 16, 2030, subject to a springing maturity date of March 2, 2029 upon the occurrence of certain liquidity events described in the Fourth Amendment. The Credit Facility is guaranteed by the Company’s direct material U.S. subsidiaries, subject to customary exceptions. Borrowings under the Credit Facility are secured by a first-priority lien on substantially all of the assets of the Company, subject to customary exceptions. Subject to certain conditions and the receipt of commitments from the lenders, the Loan and Security Agreement allows for revolving commitments under the Credit Facility to be increased by up to \$100 million, with additional amounts available so long as the Secured Net Leverage Ratio (as defined in the Loan and Security Agreement) does not exceed 2.50 to 1.00. The existing lenders under the Credit Facility, are entitled, but not obligated, to provide such incremental commitments.

Borrowings will bear interest at a floating rate which can be, at the Company’s option based on certain conditions in the Loan and Security Agreement, either (a) an alternate base rate plus an applicable rate ranging from 0.25% to 1.00% or (b) a Secured Overnight Financing Rate (“SOFR”) (with a floor of 0.00%) for the specified interest period plus an applicable rate ranging from 1.25% to 2.00%, in each case, depending on the Company’s Secured Net Leverage Ratio (as defined in the Loan and Security Agreement). The Company will pay an unused commitment fee ranging from 0.20% to 0.30% based on unused capacity under the Credit Facility and the Company’s Secured Net Leverage Ratio. The Company may use the proceeds of borrowings under the Credit Facility to pay transaction fees and expenses, provide for its working capital needs and reimburse drawings under letters of credit and for other general corporate purposes.

The Loan and Security Agreement contains customary affirmative covenants for transactions of this type, including, among others, the provision of financial and other information to the administrative agent, notice to the administrative agent upon the occurrence of certain material events, preservation of existence, maintenance of properties and insurance, compliance with laws, including environmental laws, the provision of additional guarantees, and an affiliate transactions covenant, subject to certain exceptions. The Loan and Security Agreement contains customary negative covenants, including, among others, restrictions on the ability to merge and consolidate with other companies, incur indebtedness, refinance our existing convertible notes, grant liens or security interests on assets, make investments, acquisitions, loans, or advances, pay dividends, and sell or otherwise transfer assets.

The Loan and Security Agreement, contains financial maintenance covenants that require the Borrower to maintain an Interest Coverage Ratio (as defined in the Loan and Security Agreement) of not less than 3.00 to 1.00, a Total Net Leverage Ratio (as defined in the Loan and Security Agreement) of not more than 4.50 to 1.00, and a Secured Net Leverage Ratio (as defined in the Loan and Security Agreement) of not more than 3.00 to 1.00, in each case, tested at the end of each fiscal quarter. The Loan and Security Agreement, also provides for a number of customary events of default, including, among others: payment defaults to the lenders; voluntary and involuntary bankruptcy proceedings; covenant defaults; material inaccuracies of representations and warranties; certain change of control events; material money judgments; and other customary events of default. The occurrence of an event of default could result in the acceleration of obligations and the termination of lending commitments under the Loan and Security Agreement.

No amounts were outstanding under the Credit Facility as of December 31, 2025 or December 31, 2024.

Note 12 — Stockholders' Equity

Accumulated Other Comprehensive Income ("AOCI")

The following table presents the changes in the balances of each component of AOCI, net of tax:

	Foreign Currency Translation	Unrealized Gains (Losses) on Available- for-Sale Securities	Total
		<i>(in thousands)</i>	
Balance - December 31, 2022	\$ 1,773	\$ (845)	\$ 928
Other comprehensive income (loss)	(12)	691	679
Balance - December 31, 2023	1,761	(154)	1,607
Other comprehensive income (loss)	16	(101)	(85)
Balance - December 31, 2024	\$ 1,777	\$ (255)	\$ 1,522
Other comprehensive income (loss)	78	194	272
Balance - December 31, 2025	\$ 1,855	\$ (61)	\$ 1,794

The Company allocated an immaterial amount of additional tax benefit or expense to other comprehensive income (loss) for the years ended December 31, 2025, 2024, and 2023.

Preferred Stock

The Board of Directors has authority under the Company's Certificate of Incorporation to issue up to 0.5 million shares of preferred stock, par value \$0.01, with voting and economic rights to be determined by the Board of Directors. As of December 31, 2025, no preferred shares have been issued.

Note 13 — Stock Plans

Share-based incentive awards are provided to employees under the terms of the Company's equity incentive compensation plans (the "Plans"), which are administered by the Compensation Committee of the Board of Directors. The 2019 Plan originated as the 2010 Stock Incentive Plan and was originally approved by the Company's shareholders in May 2010. This Plan was subsequently amended, as approved by shareholders, in 2013, 2016, 2019 (at which time the Plan was renamed the 2019 Stock Incentive Plan), 2022, and 2024 (as amended to date, the "2019 Plan"). The Company's employees, non-employee directors, and consultants are eligible to receive awards under the 2019 Plan, which can include non-qualified stock options, incentive stock options, RSAs, RSUs, PSAs, PSUs, share appreciation rights, dividend equivalent rights, or any combination thereof.

The Company is authorized to issue up to 21.3 million shares under the 2019 Plan. Option awards are granted with an exercise price equal to the closing price of the Company's common stock on the trading day prior to the date of grant; option awards generally vest over a three-year period and have a seven or ten year term. RSAs and RSUs generally vest over one to five years. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the 2019 Plan. At December 31, 2025, there are no option shares outstanding and 2.5 million RSUs and PSUs outstanding under the 2019 Plan.

The Company is authorized to issue up to 3.0 million shares under the approved 2016 employee stock purchase plan ("ESPP"), including additional shares authorized under plan amendments approved by shareholders in 2019, 2021, and 2025. Under the ESPP, substantially all employees in the U.S. may purchase the Company's common stock through payroll deductions at a price equal to 85 percent of the lower of the fair market value of the Company's common stock at the beginning or end of each six-month offer period, as defined in the ESPP, and subject to certain limits. The ESPP was approved by the Company's shareholders.

Shares Reserved for Future Issuance

At December 31, 2025, the Company has 5.5 million shares reserved to cover exercises of outstanding stock options, vesting of RSUs, and additional grants under the 2019 Plan. At December 31, 2025, the Company has 0.7 million shares reserved to cover future issuances under the ESPP Plan.

Share-Based Compensation

The Company recognized share-based compensation in the following line items in the Consolidated Statements of Operations for the periods indicated:

	For the year ended December 31,		
	2025	2024	2023
	<i>(in thousands)</i>		
Cost of sales	\$ 6,862	\$ 6,263	\$ 4,913
Research and development	11,618	11,257	8,994
Selling, general, and administrative	18,567	18,359	14,651
Total	\$ 37,047	\$ 35,879	\$ 28,558

The Company recognized a tax benefit of approximately \$5.4 million, \$7.9 million, and \$3.9 million associated with share-based compensation for the years ended December 31, 2025, 2024, and 2023, respectively. The Company capitalized an immaterial amount of share-based compensation into inventory for the years ended December 31, 2025, 2024, and 2023.

Unrecognized share-based compensation costs at December 31, 2025 are summarized below:

	Unrecognized Share-Based Compensation Costs	Weighted Average Period Expected to be Recognized
	<i>(in thousands)</i>	<i>(in years)</i>
Restricted stock units	\$ 28,641	1.6
Restricted stock awards	467	0.4
Performance share units	9,767	1.8
Total unrecognized share-based compensation cost	\$ 38,875	1.6

Stock Option Awards

Stock options are awards issued to employees that entitle the holder to purchase shares of the Company's stock at a fixed price. The following table summarizes the equity activity related to stock options:

	<u>Number of Shares</u> <i>(in thousands)</i>	<u>Weighted Average Exercise Price</u>
Balance - December 31, 2022	177	\$ 30.94
Exercised	(2)	30.47
Expired	<u>(165)</u>	30.53
Balance - December 31, 2023	10	37.42
Exercised	(10)	37.26
Expired	<u>—</u>	41.93
Balance - December 31, 2024	—	—
Exercised	—	—
Expired	<u>—</u>	—
Balance - December 31, 2025	<u>—</u>	\$ —

At December 31, 2025, there were no stock option shares outstanding.

The following table summarizes information on options exercised for the periods indicated:

	<u>Year ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
	<i>(in thousands)</i>		
Cash received from options exercised	\$ —	\$ 373	\$ 56
Intrinsic value of options exercised	\$ —	\$ 28	\$ 56

RSAs, RSUs, PSAs, PSUs

RSAs are stock awards issued to employees and directors that are subject to specified restrictions and a risk of forfeiture. RSUs are stock awards issued to employees that entitle the holder to receive shares of common stock as the awards vest. PSAs and PSUs are awards that result in an issuance of shares of common stock to employees if certain performance or market conditions are achieved. All of these awards typically vest over one to four years and vesting is subject to the employee's continued service with the Company and, in the case of performance awards, meeting certain performance or market conditions. The fair value of the awards is determined and fixed based on the closing price of the Company's common stock on the trading day prior to the date of grant, or, in the case of performance awards with market conditions, fair value is determined using a Monte Carlo simulation.

The following table summarizes the equity activity of non-vested restricted shares and performance shares:

	Number of Shares	Weighted Average Grant Date Fair Value
	<i>(in thousands)</i>	
Balance - December 31, 2022	2,496	\$ 23.83
Granted	1,282	23.83
Performance award adjustments	183	10.59
Vested	(1,364)	17.47
Forfeited	(133)	29.29
Balance - December 31, 2023	2,464	26.19
Granted	1,369	36.49
Performance award adjustments	200	27.81
Vested	(1,292)	24.83
Forfeited	(137)	26.10
Balance - December 31, 2024	2,604	32.53
Granted	1,210	23.15
Performance award adjustments	(21)	45.28
Vested	(1,126)	31.01
Forfeited	(116)	27.03
Balance - December 31, 2025	<u>2,551</u>	\$ 28.89

The total fair value of shares that vested during the years ended December 31, 2025, 2024, and 2023 was \$25.9 million, \$43.7 million, and \$30.3 million, respectively. For performance awards, the final number of shares earned will vary depending on the achievement of the actual results relative to the performance or market conditions. Each performance award is included in the table above at the grant date target share amount until the end of the performance period if not previously forfeited.

The fair value of performance awards with market conditions is estimated on the date of grant using a Monte Carlo simulation. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by employees who receive these awards. The weighted average fair value and the assumptions used in calculating such values during fiscal years 2025, 2024, and 2023 for performance awards with market conditions were based on estimates at the date of grant as follows:

	Year ended December 31,		
	2025	2024	2023
Weighted average fair value	\$ 31.73	\$ 49.38	\$ 32.25
Dividend yield	0 %	0 %	0 %
Expected volatility factor ⁽¹⁾	40 %	38 %	54 %
Risk-free interest rate ⁽²⁾	3.96 %	4.41 %	3.84 %
Expected life (in years) ⁽³⁾	3.0	3.0	3.0

(1) Expected volatility is measured using historical daily price changes of the Company's stock over the respective expected term.

(2) The risk-free rate for periods within the contractual term is based on the U.S. Treasury yield curve in effect at the time of grant.

(3) The expected life is the number of years the Company estimates that the awards will be outstanding prior to exercise.

Employee Stock Purchase Plan

For the years ended December 31, 2025, 2024, and 2023 the Company received cash proceeds of \$5.2 million, \$5.3 million, and \$4.6 million, and issued shares of 251,480, 182,809, and 258,153, respectively, under the ESPP Plan. The weighted average estimated values of employee purchase rights as well as the weighted average assumptions that were

used in calculating such values during fiscal years 2025, 2024, and 2023 were based on estimates at the date of grant as follows:

	<u>Year ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Weighted average fair value	\$ 7.02	\$ 9.62	\$ 5.77
Dividend yield	0 %	0 %	0 %
Expected volatility factor ⁽¹⁾	46 %	35 %	42 %
Risk-free interest rate ⁽²⁾	4.26 %	5.30 %	5.03 %
Expected life (in years) ⁽³⁾	0.5	0.5	0.5

(1) Expected volatility is measured using historical daily price changes of the Company's stock over the respective expected term.

(2) The risk-free rate for periods within the contractual term is based on the U.S. Treasury yield curve in effect at the time of grant.

(3) The expected life is the number of years the Company estimates that the purchase rights will be outstanding prior to exercise.

Note 14 — Retirement Plans

The Company maintains a defined contribution plan for the benefit of its U.S. employees. The plan is intended to be tax qualified and contains a qualified cash or deferred arrangement as described under Section 401(k) of the Internal Revenue Code. Eligible participants may elect to contribute a percentage of their base compensation, and the Company may make matching contributions, generally equal to fifty cents for every dollar employees contribute, up to three percent of the employee's eligible compensation, as limited by current Internal Revenue Code regulations. Generally, the plan calls for vesting in the Company contributions over the initial five years of a participant's employment. The Company provided employer contributions associated with this plan of approximately \$3.3 million, \$3.4 million, and \$3.4 million for the years ended December 31, 2025, 2024, and 2023, respectively.

Note 15 — Income Taxes

The amounts of income (loss) before income taxes attributable to domestic and foreign operations were as follows:

	<u>Year ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
		<i>(in thousands)</i>	
Domestic	\$ 35,728	\$ 99,711	\$ (33,383)
Foreign	3,659	(30,877)	5,045
Total	<u>\$ 39,387</u>	<u>\$ 68,834</u>	<u>\$ (28,338)</u>

Significant components of the expense (benefit) for income taxes consisted of the following:

	<u>Year ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
		<i>(in thousands)</i>	
Current:			
Federal	\$ 4,313	\$ 2,087	\$ 3,299
Foreign	2,723	1,365	1,136
State and local	(57)	397	(194)
Total current expense (benefit) for income taxes	<u>6,979</u>	<u>3,849</u>	<u>4,241</u>
Deferred:			
Federal	(1,187)	(1,599)	(3,026)
Foreign	(1,216)	(6,684)	512
State and local	(579)	(446)	303
Total deferred expense (benefit) for income taxes	<u>(2,982)</u>	<u>(8,729)</u>	<u>(2,211)</u>
Total expense (benefit) for income taxes	<u>\$ 3,997</u>	<u>\$ (4,880)</u>	<u>\$ 2,030</u>

In December 2023, the FASB issued ASU 2023-09: Improvements to Income Tax Disclosures (Topic 740), which requires public business entities to disclose consistent categories and greater disaggregation of information in the rate reconciliation and for income taxes paid for the annual periods beginning after December 15, 2024. The Company adopted ASU 2023-09 on a retrospective basis effective December 31, 2025 for the years ended December 31, 2025, 2024, and 2023 for comparability and consistency purposes.

The income tax expense (benefit) was reconciled to the tax expense computed at the U.S. federal statutory tax rate as follows:

	Year ended December 31,					
	2025		2024		2023	
	<i>(in thousands)</i>					
U.S. federal statutory income tax rate	\$ 8,271	21.0 %	\$ 14,455	21.0 %	\$ (5,951)	21.0 %
State taxes, net of U.S. federal impact (a)	(619)	(1.6)%	(217)	(0.3)%	305	(1.1)%
Effect of cross-border tax laws						
Foreign-derived intangible income deduction	(5,672)	(14.4)%	(3,846)	(5.6)%	(8,171)	28.9 %
Other	159	0.4 %	149	0.2 %	(65)	0.2 %
Tax credits						
Research and development tax credits	(3,126)	(7.9)%	(4,500)	(6.5)%	(4,650)	16.4 %
Nontaxable and nondeductible items						
Tax benefits related to asset impairments	—	— %	(12,476)	(18.1)%	—	— %
Share-based compensation	3,133	8.0 %	206	0.3 %	1,998	(7.1)%
Extinguishment of debt	(164)	(0.4)%	—	— %	19,349	(68.3)%
Merger costs	1,424	3.6 %	—	— %	—	— %
Other	(152)	(0.4)%	68	0.1 %	325	(1.2)%
Changes in valuation allowances	—	— %	(149)	(0.2)%	350	(1.2)%
Federal Other	(106)	(0.3)%	189	0.3 %	(159)	0.6 %
Changes in unrecognized tax benefits	121	0.3 %	116	0.2 %	(1,889)	6.7 %
Foreign tax effects						
Sweden						
Changes in valuation allowances	518	1.3 %	744	1.1 %	—	— %
Provision to return	(511)	(1.3)%	—	— %	—	— %
Other	(72)	(0.2)%	352	0.5 %	18	(0.1)%
Germany						
Subnational tax	(559)	(1.4)%	6	0.0 %	399	(1.4)%
Other	247	0.6 %	43	0.1 %	(263)	0.9 %
Taiwan						
Other	441	1.1 %	23	0.0 %	235	(0.8)%
China						
Other	232	0.6 %	165	0.2 %	170	(0.6)%
Japan						
Other	313	0.8 %	(186)	(0.3)%	(19)	0.1 %
Other foreign jurisdictions	119	0.4 %	(22)	(0.1)%	48	(0.2)%
Total provision (benefit) for income taxes	<u>\$ 3,997</u>	<u>10.2 %</u>	<u>\$ (4,880)</u>	<u>(7.1)%</u>	<u>\$ 2,030</u>	<u>(7.2)%</u>

- (a) For the years ended December 31, 2025, New Mexico made up the majority of the state tax effect. For the year ended December 31, 2024, Oregon, California, and Arizona made up the majority of the state tax effect. For the year ended December 31, 2023, Pennsylvania, New Mexico, Minnesota, Oregon, California, and New York made up the majority of the state tax effect.

Deferred income taxes reflect the effect of temporary differences between the carrying amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for tax purposes. The tax effects of the temporary differences were as follows:

	December 31,	
	2025	2024
	<i>(in thousands)</i>	
Deferred tax assets:		
Inventory valuation	\$ 14,892	\$ 12,500
Net operating losses	7,123	6,734
Credit carry forwards	38,998	46,753
Warranty and installation accruals	2,267	2,054
Share-based compensation	5,829	5,802
Contract liabilities	10,216	7,775
Operating leases	8,196	8,620
Research and experimental capitalization	53,309	46,667
Depreciation	5,816	4,037
Other	4,197	5,033
Total deferred tax assets	150,843	145,975
Valuation allowance	(13,046)	(11,797)
Net deferred tax assets	137,797	134,178
Deferred tax liabilities:		
Purchased intangible assets	9,759	8,673
Operating leases	5,635	6,003
Total deferred tax liabilities	15,394	14,676
Net deferred taxes	\$ 122,403	\$ 119,502

The Company does not permanently reinvest its earnings from certain foreign jurisdictions and has accrued for foreign tax withholdings of \$1.1 million on its unremitted earnings as of December 31, 2025.

During the year ended December 31, 2025, the Company's income tax expense of \$4.0 million was primarily attributed to 1) a \$8.3 million income tax expense associated with pre-tax income from operations, 2) a \$3.1 million income tax expense related to adjustments made for share-based compensation, and 3) a \$1.4 million income tax expense related to non-deductible merger costs, partially offset by 4) a \$5.7 million income tax benefit related to foreign-derived intangible income, and 5) a \$3.6 million tax benefit associated with research and development tax credits.

At December 31, 2025, the Company had U.S. federal research and development credits of \$28.3 million that will expire between 2040 and 2045. Additionally, the Company has state and local NOL carryforwards of approximately \$52.9 million (a net deferred tax asset of \$3.8 million, net of federal tax benefits and before the valuation allowance) that will expire between 2026 and 2041. Finally, the Company has state credits of \$34.6 million, some of which are indefinite and others that will expire between 2026 and 2040.

A roll-forward of the Company's uncertain tax positions for all U.S. federal, state, and foreign tax jurisdictions was as follows:

	December 31,		
	2025	2024	2023
	<i>(in thousands)</i>		
Balance at beginning of year	\$ 16,878	\$ 15,741	\$ 16,110
Additions for tax positions related to current year	1,681	2,497	2,596
Additions for tax positions related to prior years	52	77	83
Reductions for tax positions related to prior years	(131)	(1,437)	(3,048)
Settlements	—	—	—
Balance at end of year	\$ 18,480	\$ 16,878	\$ 15,741

If the amount of unrecognized tax benefits at December 31, 2025 were recognized, the Company's income tax provision would decrease by \$16.3 million. The gross amount of interest and penalties accrued in income tax payable in the Consolidated Balance Sheets was approximately \$0.8 million and \$0.7 million at December 31, 2025 and 2024, respectively.

The Company, or one of its subsidiaries, files income tax returns in the United States federal jurisdiction, and various state, local, and foreign jurisdictions. All material consolidated federal income tax matters have been concluded for years through 2017 subject to subsequent utilization of NOLs generated in such years. All material state and local income tax matters have been reviewed through 2012. The majority of the Company's foreign jurisdictions have been reviewed through 2015. The Company's major foreign jurisdictions' statutes of limitation remain open with respect to the tax years 2016 through 2024 for Germany, 2017 through 2024 for China, 2024 for Taiwan, and 2021 through 2024 for Singapore.

The amount of income taxes paid (refunded) were as follows:

	Year ended December 31,		
	2025	2024	2023
	<i>(in thousands)</i>		
U.S. federal taxes paid, net	\$ *	\$ 1,045	\$ 2,801
Domestic state and local taxes paid, net			
New Mexico	*	—	282
Oregon	*	*	474
Other	*	237	374
Total state taxes paid, net	—	237	1,130
Foreign			
China	*	390	*
Germany			
Federal	*	719	*
Subnational	*	180	*
Japan	*	253	*
Singapore	*	153	*
Taiwan	*	*	546
Other	*	57	618
Total foreign taxes paid, net	—	1,752	1,164
Total income taxes paid, net	\$ **	\$ 3,034	\$ 5,095

* The amount of income taxes paid during the year does not meet the five percent disaggregation threshold in the respective period.

** The total amount of income taxes paid during the year is not material to the financial statements.

Note 16 — Segment Reporting and Geographic Information

The Company operates and measures its results in one operating segment and therefore has one reportable segment: the development, manufacture, sales, and support of semiconductor and thin film process equipment primarily sold to make electronic devices. The accounting policies of this one operating segment are the same as those described in the summary of significant accounting policies. The Chief Operating Decision Maker ("CODM"), the Chief Executive Officer, assesses segment performance and decides how to allocate resources based on net income that is reported on the Consolidated Statements of Operations. The measure of segment assets is reported on the Consolidated Balance Sheet as total assets. The Company does not have intra-entity sales or transfers. The CODM uses net income to evaluate income generated from segment assets (return on assets) in deciding whether to reinvest profits into the segment or into other

parts of the Company, such as for acquisitions. Net income is used to monitor forecast versus actual results. The CODM also uses net income in competitive analysis by benchmarking the Company's competitors. The competitive analysis along with the monitoring of forecasted versus actual results are used in assessing performance of the segment. The Company regularly provides management reports to the CODM on a consolidated expense basis which includes actuals, forecasted, and budgeted information. These reports are similar to the Company's consolidated financial statements. There are no additional expenses categories and amounts that meet the definition of significant expense items that are regularly provided to the CODM and included in the reported measure of net income.

Sales by end-market is as follows:

	For the year ended December 31,		
	2025	2024	2023
	<i>(in thousands)</i>		
Sales by end-market			
Semiconductor	\$ 476,559	\$ 466,611	\$ 412,724
Compound Semiconductor	59,557	77,591	87,258
Data Storage	39,238	98,852	88,473
Scientific & Other	88,940	74,247	77,980
Total	\$ 664,294	\$ 717,301	\$ 666,435

The Company's significant operations outside the United States include sales and service offices in China, Europe, and Rest of APAC. For geographic reporting, sales are attributed to the location in which the customer facility is located.

Sales and long-lived tangible assets by geographic region are as follows:

	Net Sales to Unaffiliated Customers			Long-lived Tangible Assets		
	2025	2024	2023	2025	2024	2023
	<i>(in thousands)</i>					
United States	\$ 101,387	\$ 164,564	\$ 162,790	\$ 108,041	\$ 112,966	\$ 117,594
EMEA ⁽¹⁾	50,794	61,730	76,697	36	154	219
China	181,812	255,619	217,942	223	270	182
Rest of APAC	330,183	234,591	208,693	346	399	464
Rest of World	118	797	313	—	—	—
Total	\$ 664,294	\$ 717,301	\$ 666,435	\$ 108,646	\$ 113,789	\$ 118,459

(1) EMEA consists of Europe, the Middle East, and Africa

Note 17 — Merger

Merger Agreement with Axcelis Technologies, Inc.

On September 30, 2025, the Company entered into Merger Agreement with Axcelis, and Merger Sub. Pursuant to the Merger Agreement, and subject to the satisfaction or waiver of the conditions specified therein, Merger Sub will merge with and into Veeco, with Veeco surviving as a wholly-owned subsidiary of Axcelis. The Merger Agreement was approved by Veeco's board of directors (except for one (1) independent director who serves on the Axcelis board of directors as well and thus recused himself) and, on February 6, 2026, by the stockholders of each company, but is subject to certain customary closing conditions, and the receipt of 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.

Under the terms of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of Company common stock issued and outstanding immediately prior to the Effective Time (other than shares owned by Axcelis, the Company, Merger Sub, or their wholly-owned subsidiaries) will be converted into the right to receive 0.3575 newly issued shares of Axcelis common stock (the “Axcelis Common Stock”). No fractional shares of Axcelis will be issued in the Merger, and the Company stockholders will receive cash in lieu of fractional shares as part of the merger consideration. Following the Merger, Axcelis’ common stockholders are expected to own approximately 58.4% of the shares of Axcelis Common Stock on a fully diluted basis, and the Company’s common stockholders will own approximately 41.6%.

The Merger Agreement contains customary representations, warranties, and covenants, including restrictions on the conduct of business prior to closing and provisions regarding the treatment of the Company’s outstanding equity awards and employee benefits. The Merger Agreement may be terminated under certain circumstances, including by mutual consent of the Company and Axcelis or if the Merger is not consummated by September 30, 2026 (subject to automatic extensions until as late as June 30, 2027 under certain conditions with respect to the receipt of regulatory approvals).

If the board of directors of either party makes an Adverse Recommendation Change, as defined in the Merger Agreement, the other party shall have the right to terminate the Merger Agreement, and 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 \$108,700,000; and (ii) if the non-terminating party is Veeco, a termination fee of \$77,500,000. 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 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 \$15,000,000.

The Company incurred approximately \$8.9 million in legal, accounting, consulting fees and employee-related costs in connection with the proposed Merger during the year ended December 31, 2025, included within “Merger costs” on the Consolidated Statement of Operations.

Additional information regarding the Merger Agreement and the proposed Merger is included in the Company’s Current Report on Form 8-K filed with the SEC on October 1, 2025.

Schedule II — Valuation and Qualifying Accounts

<u>Deducted from asset accounts:</u>	<u>Balance at Beginning of Period</u>	<u>Additions</u>		<u>Deductions</u>	<u>Balance at End of Period</u>
		<u>Charged (Credited) to Costs and Expenses</u>	<u>Charged to Other Accounts</u> <i>(in thousands)</i>		
Year ended December 31, 2025					
Allowance for doubtful accounts	\$ 986	\$ 14	\$ —	\$ —	\$ 1,000
Valuation allowance in net deferred tax assets	11,797	1,249	—	—	13,046
	<u>\$ 12,783</u>	<u>\$ 1,263</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,046</u>
Year ended December 31, 2024					
Allowance for doubtful accounts	\$ 986	\$ —	\$ —	\$ —	\$ 986
Valuation allowance in net deferred tax assets	11,745	52	—	—	11,797
	<u>\$ 12,731</u>	<u>\$ 52</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,783</u>
Year ended December 31, 2023					
Allowance for doubtful accounts	\$ 736	\$ 316	\$ —	\$ (66)	\$ 986
Valuation allowance in net deferred tax assets	11,083	662	—	—	11,745
	<u>\$ 11,819</u>	<u>\$ 978</u>	<u>\$ —</u>	<u>\$ (66)</u>	<u>\$ 12,731</u>



Veeco Instruments Inc.

www.veeco.com