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A MATERIAL SCIENCE COMPANY

Serving the semiconductor industry

(NASDAQ: AXTI)

Legal Disclosure



SEE ADDITIONAL RISK FACTORS ON FORM 10-Q AND FORM 10-K

This presentation contains forward-looking statements within the meaning of the Federal securities laws, including, for example, statements regarding the timing and completion of the proposed listing of shares of Tongmei on the STAR Market. Additional examples of forward-looking statements include statements regarding the market demand for our products, our product mix, our growth prospects and opportunities for continued business expansion, including technology trends, new applications and the ramping of Tier-1 customers, our market opportunity, our ability to lead our industry, our relocation, our expectations with respect to our business prospects and financial results, including our gross margin performance, and our development of larger diameter substrates that we believe will enable the next generation of technology innovation across a number of end-markets. These forward-looking statements are based upon assumptions that are subject to uncertainties and factors relating to the company's operations and business environment, which could cause actual results to differ materially from those expressed or implied in the forward-looking statements contained in the foregoing discussion. These uncertainties and factors include but are not limited to: the requests for redemptions by private equity funds in China of investments in Tongmei, the administrative challenges in satisfying the requirements of various government agencies in China in connection with the listing of shares of Tongmei on the STAR Market, continued open access to companies to list shares on the STAR Market, investor enthusiasm for new listings of shares on the STAR Market and geopolitical tensions between China and the United States. Additional uncertainties and factors include, but are not limited to: the timing and receipt of significant orders; the cancellation of orders and return of product; emerging applications using chips or devices fabricated on our substrates; end-user acceptance of products containing chips or devices fabricated on our substrates; our ability to bring new products to market; product announcements by our competitors; the ability to control costs and improve efficiency; the ability to utilize our manufacturing capacity; product yields and their impact on gross margins; the relocation of manufacturing lines and ramping of production; possible factory shutdowns as a result of air pollution in China or COVID-19; COVID-19 or other outbreaks of a contagious disease; tariffs and other trade war issues; the financial performance of our partially owned supply chain companies; policies and regulations in China; and other factors as set forth in the company's Annual Report on Form 10-K, quarterly reports on Form 10-Q and other filings made with the Securities and Exchange Commission. Each of these factors is difficult to predict and many are beyond the company's control. The company does not undertake any obligation to update any forward-looking statement, as a result of new information, future events or otherwise.



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Snapshot

HISTORY

Founded in 1986; IPO in 1998

PRODUCTS

Alternative wafers when silicon will not work

PROCESS TECHNOLOGY

Pioneered Vertical Gradient Freeze (VGF) crystal growth; substantial process technology and IP

FACILITY

Headquarters in Fremont, CA

MANUFACTURING

Launched in China in 1998. Operating in three locations:

- Beijing – Indium phosphide crystal growth and wafer processing
- Kazuo – Gallium arsenide crystal growth; two raw material joint ventures: Beijing BoYu Semiconductor Vessel Craftwork Technology Co., Ltd. (“BoYu”) and Nanjing JinMei Gallium Co., Ltd. (“JinMei”) are also in Kazuo
- Dingxing – Gallium arsenide and germanium wafer processing

OPERATIONS

Sophisticated supply chain model with ownership interest in 10+ raw material companies



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Indium Phosphide (InP) Overview

- Growth engine ignited in 2014
- Applications using InP are expanding
- We expect a long product life cycle—
mirroring GaAs

Indium Phosphide (InP) Market



KEY APPLICATIONS

- AI / Data center connectivity (silicon photonics, high-speed lasers and detectors)
- Passive Optical Networks (PONs)
- Telecommunications infrastructure
- Emerging market for AR/VR
- Driverless cars

MARKET DYNAMICS

- Data center applications require very low defect density
- Strong barriers to entry
 - Crystal growth very difficult
 - Customer spec-driven market
- Limited number of competitors
- AXT is strategically adding capacity



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Gallium Arsenide (GaAs) Overview

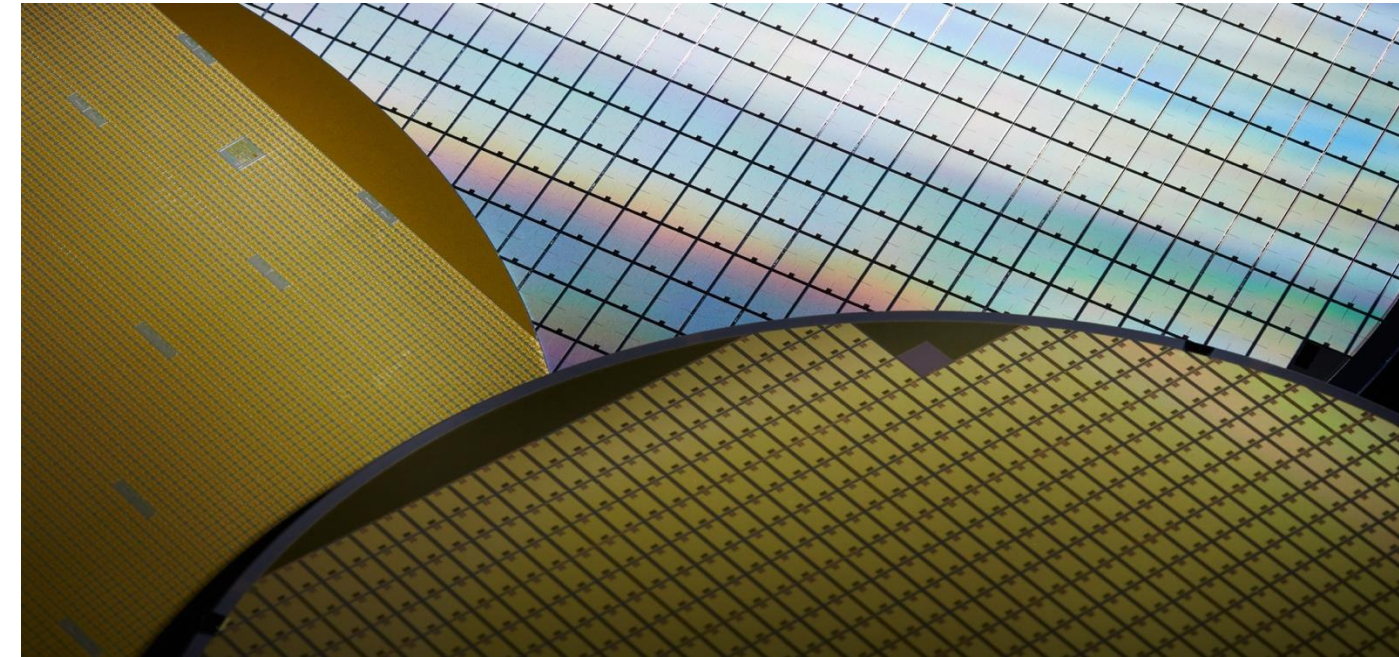
- Our first strong growth engine, even before our IPO in 1998
- A long product life cycle populated with new applications
- Supplying 8-inch gallium arsenide wafers to major customers

Gallium Arsenide (GaAs) Market



KEY APPLICATIONS

- Power amplifiers
- Industrial lasers
- Printer heads
- LED lighting and display
- Horticulture



MARKET DYNAMICS

- Tier-one customers require very low defect density
- Limited competitive landscape
- New opportunities developing

Sophisticated Supply Chain



- Ownership interest in over ten raw material companies in China
- A risk minimization strategy if supply shortages occur
- AXT is uniquely positioned to secure key materials
- Tier 1 customers attracted to this structure

Financials

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
(\$ in M)	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
Revenue	\$99.36	\$75.80	\$141.10	\$137.40	\$95.40	\$83.30
Gross Margin %*	24.3%	18.1%	37.2%	34.8%	31.70%	29.80%
Operating Expense*	\$35.86	\$31.76	\$35.94	\$30.37	\$23.81	\$22.92
Net Profit/(Loss)*	\$(8.53)	\$(14.34)	\$19.82	\$19.09	\$5.86	(\$0.25)

*Values reflected are non-GAAP. For a reconciliation of GAAP to non-GAAP financial measures, please see the company's published financial results press release, dated Feb. 20, 2025

STAR Market Progress

- Announced intention to seek capital by listing Tongmei to IPO in China
- Separate listing of Tongmei, no change regarding the current Nasdaq listing of AXTI
- Tongmei's IPO application was approved by the Shanghai Stock Exchange ("SSE") in July 2022
- The application is now being reviewed by the China Securities Regulatory Commission ("CSRC")



AXT Market Opportunity



- New facilities, equipment and capacity
- Selling into major long-term technology trends: AI / data center expansion, industrial lasers, LED lighting and display, laser-based sensing, wireless devices, and more
- Limited competitive landscape
- Market-leading InP technology with high barriers to entry
- Proprietary process technology, barriers to entry
- The only player to have a position in raw materials
- STAR Market listing can finance more growth and capacity



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Thank You