



VEECO REPORTS FIRST QUARTER 2023 FINANCIAL RESULTS

First Quarter 2023 Highlights:

- Revenues of \$153.5 million, compared with \$156.4 million in the same period last year
- GAAP net income of \$8.7 million, or \$0.17 per diluted share, compared with \$13.3 million, or \$0.24 per diluted share in the same period last year
- Non-GAAP net income of \$16.9 million, or \$0.30 per diluted share, compared with \$21.7 million, or \$0.38 per diluted share in the same period last year

Plainview, N.Y., May 8, 2023 -- Veeco Instruments Inc. (Nasdaq: VECO) today announced financial results for its first quarter ended March 31, 2023. Results are reported in accordance with U.S. generally accepted accounting principles ("GAAP") and are also reported adjusting for certain items ("Non-GAAP"). A reconciliation between GAAP and Non-GAAP operating results is provided at the end of this press release.

U.S. Dollars in millions, except per share data		
GAAP Results	1st Quarter	
	Q1 '23	Q1 '22
Revenue	\$ 153.5	\$ 156.4
Net income	\$ 8.7	\$ 13.3
Diluted earnings per share	\$ 0.17	\$ 0.24
Non-GAAP Results	1st Quarter	
	Q1 '23	Q1 '22
Operating income	\$ 20.4	\$ 24.7
Net income	\$ 16.9	\$ 21.7
Diluted earnings per share	\$ 0.30	\$ 0.38

"We delivered solid first quarter results above the high-end of our guidance range led by our semiconductor business," commented Bill Miller, Veeco's Chief Executive Officer. "In particular, our laser annealing business is gaining momentum, as demonstrated by recent orders for additional annealing steps at leading logic customers. We're also seeing traction within the memory market for advanced nodes, which represents a significant long-term growth opportunity for the Company.

"As we look ahead in 2023, we remain committed to investing in the leading edge with differentiated solutions, winning new customers, and new applications positioning Veeco for long term growth."

Guidance and Outlook

The following guidance is provided for Veeco's second quarter 2023:

- Revenue is expected in the range of \$145 million to \$165 million
- GAAP diluted earnings (loss) per share are expected in the range of \$0.11 to \$0.21
- Non-GAAP diluted earnings per share are expected in the range of \$0.26 to \$0.34

Conference Call Information

A conference call reviewing these results has been scheduled for today, May 8, 2023 starting at 5:00pm ET. To join the call, dial 1-877-407-8029 (toll free) or 1-201-689-8029. Participants may also access a live webcast of the call by visiting the investor relations section of Veeco's website at ir.veeco.com. A replay of the webcast will be made available on the Veeco website that evening. **We will post an accompanying slide presentation to our website prior to the beginning of the call.**

About Veeco

Veeco (NASDAQ: VECO) is an innovative manufacturer of semiconductor process equipment. Our laser annealing, ion beam, chemical vapor deposition (CVD), metal organic chemical vapor deposition (MOCVD), single wafer etch & clean and lithography 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.

Forward-looking Statements

This press release contains "forward-looking statements", within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, as amended, that are based on management's expectations, estimates, projections and assumptions. Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements. Forward-looking statements 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 current and future periods, our ongoing transformation initiative and the effects thereof on our operations and financial results; 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: the level of demand for our products; global economic and industry conditions; global trade issues, including the ongoing trade disputes between the U.S. and China, and changes in trade and export license policies; our dependency on third-party suppliers and outsourcing partners; the timing of customer orders; our ability to develop, deliver and support new products and technologies; our ability to expand our current markets, increase market share and develop new markets; the concentrated nature of our customer base; our ability to obtain and protect intellectual property rights in key technologies; the effects of regional or global health epidemics, including the effects of the COVID-19 pandemic on the Company's operations and on those of our customers and suppliers; our ability to achieve the objectives of operational and strategic initiatives and attract, motivate and retain key employees; the variability of results among products and end-markets, and our ability to accurately forecast future results, market conditions, and customer requirements; the impact of our indebtedness, including our convertible senior notes and our capped call transactions; and other risks and uncertainties described in our SEC filings on Forms 10-K, 10-Q and 8-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 press release 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 press release.

-financial tables attached-

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

	Three months ended March 31,	
	2023	2022
Net sales	\$ 153,504	\$ 156,426
Cost of sales	91,487	90,413
Gross profit	62,017	66,013
Operating expenses, net:		
Research and development	27,562	24,117
Selling, general, and administrative	22,627	22,894
Amortization of intangible assets	2,111	2,504
Other operating expense (income), net	(89)	(19)
Total operating expenses, net	52,211	49,496
Operating income	9,806	16,517
Interest expense, net	(802)	(2,803)
Income before income taxes	9,004	13,714
Income tax expense (benefit)	263	384
Net income	\$ 8,741	\$ 13,330
Income per common share:		
Basic	\$ 0.17	\$ 0.27
Diluted	\$ 0.17	\$ 0.24
Weighted average number of shares:		
Basic	50,559	49,614
Diluted	59,856	65,285

Veeco Instruments Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands)

	March 31, 2023 (unaudited)	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 140,721	\$ 154,925
Restricted cash	476	547
Short-term investments	112,170	147,488
Accounts receivable, net	120,091	124,221
Contract assets	17,727	16,507
Inventories	225,717	206,908
Prepaid expenses and other current assets	26,368	18,305
Total current assets	643,270	668,901
Property, plant and equipment, net	113,228	107,281
Operating lease right-of-use assets	26,279	26,467
Intangible assets, net	50,316	23,887
Goodwill	214,964	181,943
Deferred income taxes	115,949	116,349
Other assets	3,242	3,355
Total assets	\$ 1,167,248	\$ 1,128,183
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 61,973	\$ 52,049
Accrued expenses and other current liabilities	69,490	56,031
Customer deposits and deferred revenue	133,187	127,223
Income taxes payable	2,525	2,432
Current portion of long-term debt	—	20,169
Total current liabilities	267,175	257,904
Deferred income taxes	6,938	1,285
Long-term debt	254,713	254,491
Long-term operating lease liabilities	33,513	33,581
Other liabilities	19,350	3,098
Total liabilities	581,689	550,359
Total stockholders' equity	585,559	577,824
Total liabilities and stockholders' equity	\$ 1,167,248	\$ 1,128,183

Note on Reconciliation Tables

The below tables include financial measures adjusted for the impact of certain items; these financial measures are therefore not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). These Non-GAAP financial measures exclude items such as: share-based compensation expense; charges relating to restructuring initiatives; non-cash asset impairments; certain other non-operating gains and losses; and acquisition-related items such as transaction costs, non-cash amortization of acquired intangible assets, and certain integration costs.

These Non-GAAP financial measures may be different from Non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. By excluding these items, Non-GAAP financial measures are intended to facilitate meaningful comparisons to historical operating results, competitors' operating results, and estimates made by securities analysts. Management is evaluated on key performance metrics including Non-GAAP Operating income (loss), which is used to determine management incentive compensation as well as to forecast future periods. These Non-GAAP financial measures may be useful to investors in allowing for greater transparency of supplemental information used by management in its financial and operational decision-making. In addition, similar Non-GAAP financial measures have historically been reported to investors; the inclusion of comparable numbers provides consistency in financial reporting. Investors are encouraged to review the reconciliation of the Non-GAAP financial measures used in this news release to their most directly comparable GAAP financial measures.

Reconciliation of GAAP to Non-GAAP Financial Data (Q1 2023)

(in thousands)

(unaudited)

Three months ended March 31, 2023	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net sales	\$ 153,504				\$ 153,504
Gross profit	62,017	1,451		232	63,700
Gross margin	40.4 %				41.5 %
Operating expenses	52,211	(5,576)	(2,111)	(1,266)	43,258
Operating income	9,806	7,027	2,111	1,498 ^	20,442
Net income	8,741	7,027	2,111	(1,006)^	16,873

^ - See table below for additional details.

Other Non-GAAP Adjustments (Q1 2023)

(in thousands)

(unaudited)

Three months ended March 31, 2023	
Transition expenses related to San Jose expansion project	\$ 780
Acquisition related	718
Subtotal	1,498
Non-cash interest expense	226
Non-GAAP tax adjustment *	(2,730)
Total Other	\$ (1,006)

* - The 'with or without' method is utilized to determine the income tax effect of all Non-GAAP adjustments.

Net Income per Common Share (Q1 2023)

(in thousands, except per share amounts)

(unaudited)

	Three months ended March 31, 2023	
	GAAP	Non-GAAP
Numerator:		
Net income	\$ 8,741	\$ 16,873
Interest expense associated with convertible notes	1,277	2,354
Net income available to common shareholders	\$ 10,018	\$ 19,227
Denominator:		
Basic weighted average shares outstanding	50,559	50,559
Effect of potentially dilutive share-based awards	355	355
Dilutive effect of 2023 Convertible Senior Notes	—	82
Dilutive effect of 2025 Convertible Senior Notes	—	5,521
Dilutive effect of 2027 Convertible Senior Notes ⁽¹⁾	8,942	6,771
Diluted weighted average shares outstanding	59,856	63,288
Net income per common share:		
Basic	\$ 0.17	\$ 0.33
Diluted	\$ 0.17	\$ 0.30

⁽¹⁾ - The non-GAAP incremental dilutive shares includes the impact of the Company's capped call transaction issued concurrently with our 2027 Notes, and as such, an effective conversion price of \$18.46 is used when determining incremental shares to add to the dilutive share count. The GAAP incremental dilutive shares does not include the impact of the Company's capped call transaction, and as such, an effective conversion price of \$13.98 is used when determining incremental shares to add to the dilutive share count.

Reconciliation of GAAP to Non-GAAP Financial Data (Q1 2022)

(in thousands, except per share amounts)
(unaudited)

Three months ended March 31, 2022	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-based Compensation	Amortization	Other	
Net sales	\$ 156,426				\$ 156,426
Gross profit	66,013	938		534	67,485
Gross margin	42.2 %				43.1 %
Operating expenses	49,496	(3,543)	(2,504)	(691)	42,758
Operating income	16,517	4,481	2,504	1,225 ^	24,727
Net income	13,330	4,481	2,504	1,387 ^	21,702

^ - See table below for additional details.

Other Non-GAAP Adjustments (Q1 2022)

(in thousands)
(unaudited)

Three months ended March 31, 2022	
Transition expenses related to San Jose expansion project	\$ 1,165
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	60
Subtotal	1,225
Non-cash interest expense	237
Non-GAAP tax adjustment *	(75)
Total Other	\$ 1,387

* - The 'with or without' method is utilized to determine the income tax effect of all Non-GAAP adjustments.

Net Income per Common Share (Q1 2022)

(in thousands, except per share amounts)
(unaudited)

	Three months ended March 31, 2022	
	GAAP	Non-GAAP
Numerator:		
Net income	\$ 13,330	\$ 21,702
Interest expense associated with convertible notes	2,544	2,467
Net income available to common shareholders	\$ 15,874	\$ 24,169
Denominator:		
Basic weighted average shares outstanding	49,614	49,614
Effect of potentially dilutive share-based awards	1,208	1,208
Dilutive effect of 2023 Convertible Senior Notes	—	504
Dilutive effect of 2025 Convertible Senior Notes	5,521	5,521
Dilutive effect of 2027 Convertible Senior Notes ⁽¹⁾	8,942	6,771
Diluted weighted average shares outstanding	65,285	63,618
Net income per common share:		
Basic	\$ 0.27	\$ 0.44
Diluted	\$ 0.24	\$ 0.38

⁽¹⁾ - The non-GAAP incremental dilutive shares includes the impact of the Company's capped call transaction issued concurrently with our 2027 Notes, and as such, an effective conversion price of \$18.46 is used when determining incremental shares to add to the dilutive share count. The GAAP incremental dilutive shares does not include the impact of the Company's capped call transaction, and as such, an effective conversion price of \$13.98 is used when determining incremental shares to add to the dilutive share count.

Reconciliation of GAAP Net Income to Non-GAAP Operating Income (Q1 2023 and 2022)

(in thousands)

(unaudited)

	Three months ended March 31, 2023	Three months ended March 31, 2022
GAAP Net income	\$ 8,741	\$ 13,330
Share-based compensation	7,027	4,481
Amortization	2,111	2,504
Transition expenses related to San Jose expansion project	780	1,165
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	—	60
Acquisition related	718	—
Interest (income) expense, net	802	2,803
Income tax expense (benefit)	263	384
Non-GAAP Operating income	<u>\$ 20,442</u>	<u>\$ 24,727</u>

Reconciliation of GAAP to Non-GAAP Financial Data (Q2 2023)

(in millions, except per share amounts)

(unaudited)

Guidance for the three months ending June 30, 2023	Non-GAAP Adjustments						Non-GAAP		
	GAAP			Share-based Compensation	Amortization	Other			
Net sales	\$ 145	-	\$ 165				\$ 145	-	\$ 165
Gross profit	59	-	68	2	—	—	61	-	70
Gross margin	41%	-	41%				42%	-	42%
Operating expenses	51	-	53	(6)	(2)	—	44	-	46
Operating income (loss)	8	-	15	8	2	—	18	-	25
Net income (loss)	\$ 6	-	\$ 12	8	2	(2)	\$ 14	-	\$ 20
Income (loss) per diluted common share	\$ 0.11	-	\$ 0.21				\$ 0.26	-	\$ 0.34

Income per Diluted Common Share (Q2 2023)

(in millions, except per share amounts)

(unaudited)

Guidance for the three months ending June 30, 2023	GAAP			Non-GAAP		
Numerator:						
Net income (loss)	\$	6	-	\$	12	\$ 14 - \$ 20
Interest expense associated with convertible notes		—			1	2 2
Net income (loss) available to common shareholders	\$	6	-	\$	13	\$ 17 - \$ 22
Denominator:						
Basic weighted average shares outstanding		51			51	51 51
Effect of potentially dilutive share-based awards		—			—	—
Dilutive effect of 2025 Convertible Senior Notes		—			—	6 6
Dilutive effect of 2027 Convertible Senior Notes ⁽¹⁾		—			9	7 7
Diluted weighted average shares outstanding		51			60	64 64
Net income (loss) per common share:						
Income (loss) per diluted common share	\$	0.11	-	\$	0.21	\$ 0.26 - \$ 0.34

⁽¹⁾ - The non-GAAP incremental dilutive shares includes the impact of the Company's capped call transaction issued concurrently with our 2027 Notes, and as such, an effective conversion price of \$18.46 is used when determining incremental shares to add to the dilutive share count. The GAAP incremental dilutive shares does not include the impact of the Company's capped call transaction, and as such, an effective conversion price of \$13.98 is used when determining incremental shares to add to the dilutive share count.

Reconciliation of GAAP Net Income to Non-GAAP Operating Income (Q2 2023)

(in millions)

(unaudited)

Guidance for the three months ending June 30, 2023

GAAP Net income (loss)	\$ 6	-	\$ 12
Share-based compensation	8	-	8
Amortization	2	-	2
Income tax expense (benefit)	2	-	3
Non-GAAP Operating income	<u>\$ 18</u>	-	<u>\$ 25</u>

Note: Amounts may not calculate precisely due to rounding.