

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

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**FORM 8-K**  
**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): November 2, 2023

**AXT, INC.**

(Exact name of registrant as specified in its charter)

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<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>000-24085</u> (Commission File Number)	<u>94-3031310</u> (IRS Employer Identification No.)
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4281 Technology Drive  
Fremont, California 94538  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (510) 438-4700

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company

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

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

<u>Title of each class:</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered:</u>
Common Stock, \$0.001 par value	AXTI	The NASDAQ Stock Market LLC

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***Item 2.02 Results of Operations and Financial Condition***

On November 2, 2023, AXT, Inc. issued a press release announcing its financial results for the quarter ended September 30, 2023. A copy of the Company's press release, announcing the results, is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information in Exhibit 99.1 hereto discussing the Company's results of operations and financial condition for the quarter ended September 30, 2023, is being "furnished" in accordance with General Instruction B.2 of Form 8-K and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference to such filing.

***Item 9.01 Financial Statements and Exhibits***

(d) Exhibits

99.1 Press release dated November 2, 2023, regarding the financial results of AXT, Inc. for the quarter ended September 30, 2023.

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## EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Description</b>
99.1	<a href="#">Press release dated November 2, 2023, regarding the financial results of AXT, Inc. for the quarter ended September 30, 2023.</a>

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## SIGNATURES

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

**AXT, INC.**

Date: November 2, 2023

By: /s/ Gary L. Fischer

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Gary L. Fischer

Chief Financial Officer and Corporate Secretary

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## **AXT, Inc. Announces Third Quarter 2023 Financial Results**

FREMONT, Calif., November 2, 2023 – AXT, Inc. (NasdaqGS: AXTI), a leading manufacturer of compound semiconductor wafer substrates, today reported financial results for the third quarter, ended September 30, 2023.

### **Management Qualitative Comments**

“The demand environment in the third quarter of 2023 remained stable, and we were pleased to see some encouraging early signs of improvement in the data center market, resulting in modestly higher indium phosphide revenue quarter over quarter,” said Morris Young, chief executive officer. “While inventory rationalization may persist into the new year, we believe that the trends that have driven our revenue and customer expansion remain very much intact. Further, we have executed well in our development of larger diameter substrates that will pave the way for our opportunities in next-generation devices spanning data center, consumer, and other markets. As we navigate the near-term environment, we will continue to prioritize cost savings and efficiency, and are focused on accelerating our return to profitability.”

### **Third Quarter 2023 Results**

In order to provide better clarity on its operational and financial results, AXT began reporting its financial results on both a GAAP and non-GAAP basis in the third quarter of 2021. Non-GAAP results exclude stock-based compensation expense. Investors can find GAAP to non-GAAP reconciliation tables in the financial statements in this earnings release.

- Revenue for the third quarter of 2023 was \$17.4 million, compared with \$18.6 million for the second quarter of 2023 and \$35.2 million for the third quarter of 2022.
  - GAAP gross margin was 10.7 percent of revenue for the third quarter of 2023, compared with 9.2 percent of revenue for the second quarter of 2023 and 42.0 percent of revenue for the third quarter of 2022.
  - Non-GAAP gross margin was 11.3 percent of revenue for the third quarter of 2023, compared with 9.8 percent of revenue for the second quarter of 2023 and 42.2 percent of revenue for the third quarter of 2022.
  - GAAP operating expenses were \$8.6 million for the third quarter of 2023, compared with \$8.6 million for the second quarter of 2023 and \$10.2 million for the third quarter of 2022.
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- Non-GAAP operating expenses were \$7.8 million for the third quarter of 2023, compared with \$7.8 million for the second quarter of 2023 and \$9.2 million for the third quarter of 2022.
- GAAP operating profit/(loss) for the third quarter of 2023 was an operating loss of (\$6.7) million, compared with an operating loss of (\$6.8) million for the second quarter of 2023 and an operating profit of \$4.6 million for the third quarter of 2022.
- Non-GAAP operating profit/(loss) for the third quarter of 2023 was an operating loss of (\$5.8) million, compared with an operating loss of (\$5.9) million for the second quarter of 2023 and an operating profit of \$5.6 million for the third quarter of 2022.
- Non-operating income and expense, taxes and minority interest for the third quarter of 2023 was a net gain of \$0.9 million, compared with a net gain of \$1.8 million in the second quarter of 2023 and a net gain of \$1.2 million for the third quarter of 2022.
- GAAP net income/(loss), after minority interests, for the third quarter of 2023 was a net loss of (\$5.8) million, or (\$0.14) per share, compared with a net loss of (\$5.1) million, or (\$0.12) per share, for the second quarter of 2023 and net income of \$5.8 million, or \$0.13 per share, for the third quarter of 2022.
- Non-GAAP net income/(loss) for the third quarter of 2023 was a net loss of (\$4.9) million, or (\$0.12) per share, compared with a net loss of (\$4.2) million, or (\$0.10) per share, for the second quarter of 2023 and net income of \$6.8 million, or \$0.16 per share, for the third quarter of 2022.

### **STAR Market Listing Update**

On January 10, 2022, AXT announced that Beijing Tongmei Xtal Technology Co., Ltd. (“Tongmei”), its subsidiary in Beijing, China, submitted to the Shanghai Stock Exchange (the “SSE”) its application to list its shares in an initial public offering (the “IPO”) on the SSE’s Sci-Tech innovAtion boARd (the “STAR Market”) and the application was accepted for review. Subsequently, Tongmei responded to several rounds of questions received from the SSE. On July 12, 2022, the SSE approved the listing of Tongmei’s shares in an IPO on the STAR Market. On August 1, 2022, the China Securities Regulatory Commission (the “CSRC”) accepted for review Tongmei’s IPO application. The STAR Market IPO remains subject to review and approval by the CSRC and other authorities. The process of going public on the STAR Market includes several periods of review and, therefore, is a lengthy process. Subject to review and approval by the CSRC and other authorities, Tongmei hopes to accomplish this goal in the coming months. AXT has posted a brief summary of the plan and the process on its website at <http://www.axt.com>.

### **Conference Call**

The company will host a conference call to discuss these results today at 1:30 p.m. PT. The conference call can be accessed at (888) 300-4150 (passcode 7175811). The call will also be

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simulcast at [www.axt.com](http://www.axt.com). Replays will be available at (800) 770-2030 (passcode 7175811) until November 16, 2023. Financial and statistical information to be discussed in the call will be available on the company's website immediately prior to commencement of the call. Additional investor information can be accessed at <http://www.axt.com> or by calling the company's Investor Relations Department at (510) 438-4700.

### **About AXT, Inc.**

AXT is a material science company that develops and manufactures high-performance compound and single element semiconductor wafer substrates comprising indium phosphide (InP), gallium arsenide (GaAs) and germanium (Ge). The company's wafer substrates are used when a typical silicon wafer substrate cannot meet the performance requirements of a semiconductor or optoelectronic device. End markets include 5G infrastructure, data center connectivity (silicon photonics), passive optical networks, LED lighting, lasers, sensors, power amplifiers for wireless devices and satellite solar cells. AXT's worldwide headquarters are in Fremont, California where the company maintains sales, administration and customer service functions. AXT has its Asia headquarters in Beijing, China and manufacturing facilities in three separate locations in China. In addition, as part of its supply chain strategy, the company has partial ownership in more than ten companies in China producing raw materials and consumables for its manufacturing process. For more information, see AXT's website at <http://www.axt.com>.

### **Note Regarding Use of Non-GAAP Financial Measures**

As discussed above, the company provides certain non-GAAP financial measures that exclude stock-based compensation in addition to, and not as a substitute for, or because it believes that such information is superior to, financial measures calculated in accordance with GAAP. The company believes that non-GAAP financial measures, when taken collectively, may be helpful to investors because they provide consistency and comparability with past financial performance and provide better comparability with our peer companies, many of which also use similar non-GAAP financial measures. Further, the company believes that these non-GAAP financial measures offer an important analytical tool to help investors understand the company's core operating results and trends. In addition, management uses non-GAAP financial measures to compare the company's performance relative to forecasts and strategic plans and to benchmark its performance externally against peer companies. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies may calculate similarly-titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the company's non-GAAP financial measures as tools for comparison. The company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. A reconciliation of our GAAP consolidated financial statements to our non-GAAP consolidated financial statements is provided below.

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## **Forward-Looking Statements**

The foregoing paragraphs contain 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 trends, new applications and the ramping of Tier-1 customers, our market opportunity, our ability to lead our industry, 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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**FINANCIAL TABLES TO FOLLOW**

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**AXT, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 17,366	\$ 35,183	\$ 55,366	\$ 114,323
Cost of revenue	15,500	20,401	46,675	70,798
Gross profit	1,866	14,782	8,691	43,525
Operating expenses:				
Selling, general and administrative	5,667	6,576	17,439	19,719
Research and development	2,926	3,639	9,261	10,251
Total operating expenses	8,593	10,215	26,700	29,970
Income (loss) from operations	(6,727)	4,567	(18,009)	13,555
Interest expense, net	(381)	(299)	(1,143)	(670)
Equity in income of unconsolidated joint ventures	369	2,006	2,344	5,308
Other income, net	223	957	1,282	1,242
Income (loss) before provision (benefit) for income taxes	(6,516)	7,231	(15,526)	19,435
Provision (benefit) for income taxes	(101)	501	(92)	2,188
Net income (loss)	(6,415)	6,730	(15,434)	17,247
Less: Net (income) loss attributable to noncontrolling interests and redeemable noncontrolling interests	592	(971)	1,174	(2,777)
Net income (loss) attributable to AXT, Inc.	\$ (5,823)	\$ 5,759	\$ (14,260)	\$ 14,470
Net income (loss) attributable to AXT, Inc. per common share:				
Basic	\$ (0.14)	\$ 0.14	\$ (0.34)	\$ 0.34
Diluted	\$ (0.14)	\$ 0.13	\$ (0.34)	\$ 0.34
Weighted-average number of common shares outstanding:				
Basic	42,638	42,163	42,574	42,011
Diluted	42,638	42,982	42,574	42,718

**AXT, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited, in thousands)**

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 28,522	\$ 34,948
Restricted cash	10,778	6,400
Short-term investments	4,270	9,339
Accounts receivable, net	18,883	29,252
Inventories	86,383	89,629
Prepaid expenses and other current assets	11,474	13,977
Total current assets	<u>160,310</u>	<u>183,545</u>
Long-term investments	—	2,118
Property, plant and equipment, net	158,773	161,017
Operating lease right-of-use assets	2,878	1,761
Other assets	20,229	21,631
Total assets	<u>\$ 342,190</u>	<u>\$ 370,072</u>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 6,369	\$ 10,084
Accrued liabilities	15,520	18,164
Bank loans	45,776	47,078
Total current liabilities	<u>67,665</u>	<u>75,326</u>
Noncurrent operating lease liabilities	2,437	1,322
Other long-term liabilities	4,007	3,678
Total liabilities	<u>74,109</u>	<u>80,326</u>
Redeemable noncontrolling interests	<u>40,634</u>	<u>44,846</u>
Stockholders' equity:		
Preferred stock	3,532	3,532
Common stock	44	44
Additional paid-in capital	237,653	235,308
Accumulated deficit	(28,419)	(14,159)
Accumulated other comprehensive loss	(8,581)	(3,118)
Total AXT, Inc. stockholders' equity	<u>204,229</u>	<u>221,607</u>
Noncontrolling interests	23,218	23,293
Total stockholders' equity	<u>227,447</u>	<u>244,900</u>
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 342,190</u>	<u>\$ 370,072</u>

**AXT, INC.**  
**Reconciliation of Statements of Operations Under GAAP and Non-GAAP**  
**(Unaudited, in thousands)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
GAAP gross profit	\$ 1,866	\$ 14,782	\$ 8,691	\$ 43,525
Stock-based compensation expense	102	51	310	277
Non-GAAP gross profit	<u>\$ 1,968</u>	<u>\$ 14,833</u>	<u>\$ 9,001</u>	<u>\$ 43,802</u>
GAAP operating expenses	\$ 8,593	\$ 10,215	\$ 26,700	\$ 29,970
Stock-based compensation expense	789	985	2,408	2,981
Non-GAAP operating expenses	<u>\$ 7,804</u>	<u>\$ 9,230</u>	<u>\$ 24,292</u>	<u>\$ 26,989</u>
GAAP income (loss) from operations	\$ (6,727)	\$ 4,567	\$ (18,009)	\$ 13,555
Stock-based compensation expense	891	1,036	2,718	3,258
Non-GAAP income (loss) from operations	<u>\$ (5,836)</u>	<u>\$ 5,603</u>	<u>\$ (15,291)</u>	<u>\$ 16,813</u>
GAAP net income (loss)	\$ (5,823)	\$ 5,759	\$ (14,260)	\$ 14,470
Stock-based compensation expense	891	1,036	2,718	3,258
Non-GAAP net income (loss)	<u>\$ (4,932)</u>	<u>\$ 6,795</u>	<u>\$ (11,542)</u>	<u>\$ 17,728</u>
GAAP net income (loss) per diluted share	\$ (0.14)	\$ 0.13	\$ (0.34)	\$ 0.34
Stock-based compensation expense per diluted share	\$ 0.02	\$ 0.02	\$ 0.06	\$ 0.08
Non-GAAP net income (loss) per diluted share	\$ (0.12)	\$ 0.16	\$ (0.27)	\$ 0.41
Shares used to compute diluted net income per share	<u>42,638</u>	<u>42,982</u>	<u>42,574</u>	<u>42,718</u>