
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, 2024

or

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

For the transition period from _____ to _____

Commission file number: 001-38273



ACM Research, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

94-3290283

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

42307 Osgood Road, Suite I, Fremont, California

(Address of Principal Executive Offices)

94539

(Zip Code)

Registrant's telephone number, including area code: (510) 445-3700

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>
Class A Common Stock, \$0.0001 par value	ACMR	The NASDAQ Stock Market LLC

*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, a smaller reporting company, or an emerging growth company. See 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management’s assessment of the effectiveness of 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).

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

The aggregate market value on June 28, 2024 (the last business day of the registrant’s most recently completed second quarter) of the voting common equity held by non-affiliates of the registrant, computed by reference to the \$23.06 closing price of the stock on that date, was \$1,105.5 million. The registrant does not have non-voting common equity outstanding.

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date.

Class	Number of Shares Outstanding
Class A Common Stock, \$0.0001 par value	58,107,893 shares outstanding as of February 24, 2025
Class B Common Stock, \$0.0001 par value	5,021,811 shares outstanding as of February 24, 2025

Documents Incorporated By Reference

The registrant intends to file a proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended December 31, 2024. Portions of such proxy statement are incorporated by reference in Part III of this report.

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ACM Research, Inc., or ACM Research, is a Delaware corporation founded in California in 1998 to supply capital equipment developed for the global semiconductor industry. Since 2005, ACM Research has conducted its business operations principally through its subsidiary ACM Research (Shanghai), Inc., or ACM Shanghai, a limited liability corporation formed by ACM Research in the People’s Republic of China, or mainland China, in 2005. Unless the context requires otherwise, references in this report to “our company,” “our,” “us,” “we” and similar terms refer to ACM Research, Inc. and its subsidiaries, including ACM Shanghai, collectively.

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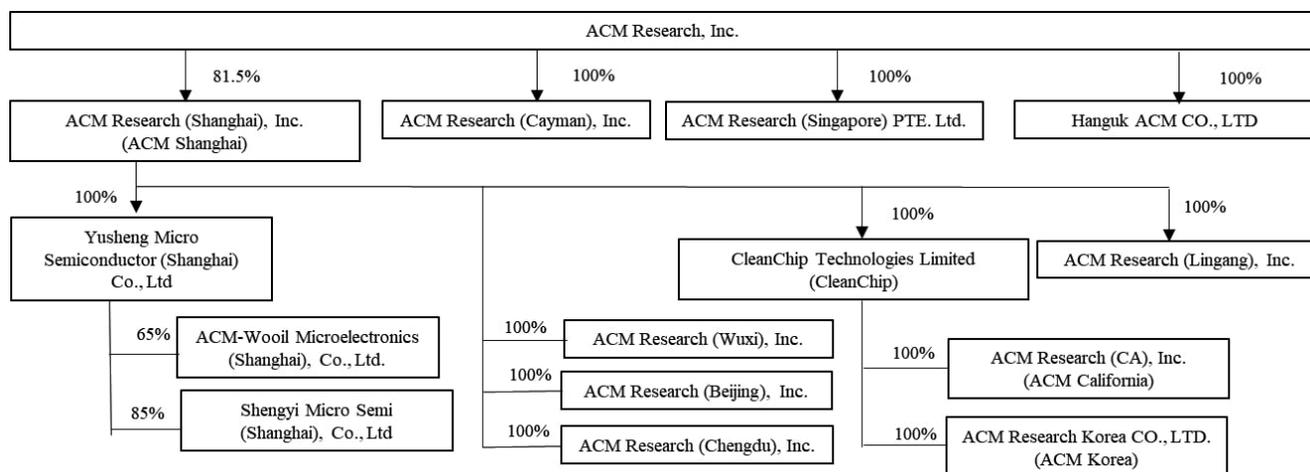
Our principal corporate office is located in Fremont, California. We conduct a substantial majority of our product development, manufacturing, support and services in mainland China through ACM Shanghai. We perform, through a subsidiary of ACM Shanghai, additional product development and subsystem production in Korea, and we conduct, through ACM Research, sales and marketing activities focused on sales of ACM Shanghai products in North America, Europe and certain regions in Asia outside mainland China.

ACM Research is not a mainland China operating company, and we do not conduct our operations in mainland China through the use of a variable interest entity, or VIE, or any other structure designed for the purpose of avoiding mainland China legal restrictions on direct foreign investments in mainland China-based companies. ACM Research has a direct ownership interest in ACM Shanghai as the result of its holding 81.5% of the outstanding shares of ACM Shanghai. Stockholders of ACM Research may never directly own equity interests in ACM Shanghai. We do not believe that our corporate structure or any other matters relating to our business operations require that we obtain any permissions or approvals from the China Securities Regulatory Commission, the Cyberspace Administration of China, or any other mainland China central government authority in order to continue to list shares of Class A common stock of ACM Research on the Nasdaq Global Market. This determination was based on the facts aforementioned and mainland China Company Law, mainland China Securities Law, cybersecurity regulations and other relevant laws, regulations and regulatory requirements in mainland China currently in effect. However, if this determination proves to be incorrect, then it could have a material adverse effect on ACM Research. See “Item IA. Risk Factors— Risks Related to International Aspects of Our Business—If any mainland China central government authority were to determine that existing mainland China laws or regulations require that ACM Shanghai obtain the authority’s permission or approval to continue the listing of ACM Research’s Class A common stock in the United States or if those existing mainland China laws and regulations, or interpretations thereof, were to change to require such permission or approval, ACM Shanghai may be unable to obtain the required permission or approval or may only be able to obtain such permission or approval on terms and conditions that impose material new restrictions and limitations on operation of ACM Shanghai, either of which could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects and on the trading price of ACM Research Class A common stock, which could decline in value or become worthless.”

The business of ACM Shanghai is subject to complex laws and regulations in mainland China that can change quickly with little or no advance notice. To date, beyond the COVID-19-related restrictions in 2022, we have not experienced such intervention or influence by mainland China central government authorities or a change in those authorities’ rules and regulations that have had a material impact on ACM Shanghai or ACM Research.

In addition, in the ordinary course of business, ACM Shanghai is required to obtain certain operating permits and licenses necessary for it to operate in mainland China, including business licenses, certifications relating to quality management standards, import and export-related qualifications from customs, as well as environmental and construction permits, licenses and approvals relating to construction projects. We believe ACM Shanghai has all such required permits and licenses. However, from time to time the mainland China government issues new regulations, which may require additional actions on the part of ACM Shanghai to comply. If ACM Shanghai does not, or is unable to, obtain any such additional permits or licenses, ACM Shanghai may be subjected to restrictions and penalties imposed by the relevant mainland China regulatory authorities, and it could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects and on the trading price of ACM Research Class A common stock, which could decline in value or become worthless.

The following chart depicts our corporate organization as of December 31, 2024:



A detailed description of how cash is transferred through our organization is set forth under "Note 2 — Summary of Significant Accounting Policies - Cash and Cash Equivalents" to the Consolidated Financial Statements of this report.

The U.S. Holding Foreign Companies Accountable Act, or the HFCA Act, requires that the Public Company Accounting Oversight Board, or the PCAOB, determine whether it is unable to inspect or investigate completely registered public accounting firms located in a non-U.S. jurisdiction because of a position taken by one or more authorities in any non-U.S. jurisdiction. Ernst & Young Hua Ming LLP, or E&Y our independent registered public accounting firm for the fiscal year ended December 31, 2024, is based in mainland China. Should the PCAOB determine that is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including E&Y, ACM Research could be transferred to the SEC's "Conclusive list of issuers identified under the HFCA," ("Conclusive List"). See "Item 1A. Risk Factors—Risks Related to International Aspects of Our Business—We could be adversely affected if we are unable to comply with recent and proposed legislation and regulations regarding improved access to audit and other information and audit inspections of accounting firms operating in mainland China" of this report for more information. Under current regulations, if ACM Research were to be included on Conclusive List for two consecutive years due to our independent auditor being located in a jurisdiction that does not allow for PCAOB inspections, the SEC would prohibit trading in our securities and this ultimately could cause our securities to be delisted in the U.S., and their value may significantly decline or become worthless.

Effective on December 2, 2024, the U.S. Department of Commerce's Bureau of Industry and Security ("BIS") promulgated a final rule naming a number of companies to the BIS Entity List (the "BIS Entity List"). Among the 140 companies added to the BIS Entity List were two subsidiaries of ACM Research, ACM Shanghai, located in the People's Republic of China, and ACM Korea, a direct subsidiary of ACM Shanghai, which is located in the Republic of Korea, and other related entities. In general terms, the new BIS Entity List designations prohibit any party worldwide from furnishing hardware, software, or technologies that are subject to U.S. export controls jurisdiction directly or indirectly to ACM Shanghai or ACM Korea without obtaining authorization. See "Item 1A. Risk Factors—Regulatory Risks—Our operations in mainland China and Korea, including the import of components, technology, and activities of U.S. personnel therein, may be further impacted by the addition of ACM Shanghai, ACM Korea and related entities to the BIS Entity List" of this report for more information.

On November 15, 2024, the U.S. Department of the Treasury published a final rule implementing a framework for the regulation of outbound foreign investment from the United States. The new program, known as the Outbound Investment Security Program ("OISP") was codified in the United States Code of Federal Regulations at 31 C.F.R. Part 850, effective as of January 2, 2025. The OISP marks a shift in U.S. economic policy, as historically the United States government declined to restrict outbound investment from the United States for national security reasons. Going forward, the investment activities of multinational companies, including ACM Research are subject to both CFIUS and OISP requirements, which together will limit cross-border investment opportunities, especially as they relate to China. See "Item 1A. Risk Factors—Regulatory Risks—The U.S. Government has implemented an outbound investment review mechanism, which may prevent us from

taking advantage of investment opportunities outside the United States that could otherwise be advantageous to our stockholders” of this report for more information.

In addition to the matters discussed above, we are also subject to a number of legal and operational risks associated with our corporate structure, including as the result of a substantial portion of our operations being conducted in mainland China. Consequences of any of those risks could result in a material adverse change in our operations or cause the value of ACM Research Class A common stock to significantly decline in value or become worthless. Please carefully read the information included in “Item 1A. Risk Factors” of this report, in particular the risk factors addressing the following issues:

- If any mainland China central government authority were to determine that existing mainland China laws or regulations require that ACM Shanghai obtain the authority’s permission or approval to continue the listing of ACM Research’s Class A common stock in the United States or if those existing mainland China laws and regulations, or interpretations thereof, were to change to require such permission or approval, or if we inadvertently conclude that such permissions or approvals are not required, ACM Shanghai may be unable to obtain the required permission or approval or may only be able to obtain such permission or approval on terms and conditions that impose material new restrictions and limitations on operation of ACM Shanghai, either of which could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects and on the trading price of ACM Research Class A common stock, which could decline in value or become worthless.
- Mainland China central government authorities may intervene in, or influence, ACM Shanghai’s mainland China-based operations at any time, and those authorities’ rules and regulations in mainland China can change quickly with little or no advance notice.
- The mainland China central government may determine to exert additional control over offerings conducted overseas or foreign investment in mainland China-based issuers, which could result in a material change in operations of ACM Shanghai and cause significant declines in the value of ACM Research Class A common stock, or make them worthless.

Recent statements and regulatory actions by mainland China central government authorities with respect to the use of VIEs and to data security and anti-monopoly concerns have not affected our ability to conduct our business operations in China. For further information, see “Item 1A. Risk Factors—Risks Related to International Aspects of Our Business” of this report for more information.

For purposes of this report, certain amounts in Renminbi, or RMB, have been translated into U.S. dollars solely for the convenience of the reader. The translations have been made based on the conversion rates published by the State Administration of Foreign Exchange of the People’s Republic of China.

SAPS, TEBO, ULTRA C, ULTRA Fn, Ultra ECP, Ultra ECP map, and Ultra ECP ap are trademarks of ACM Research. For convenience, these trademarks appear in this report without TM symbols, but that practice does not mean that ACM Research will not assert, to the fullest extent under applicable law, ACM Research’s rights to the trademarks. This report also contains other companies’ trademarks, registered marks and trade names, which are the property of those companies.

FORWARD-LOOKING STATEMENTS AND STATISTICAL DATA

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this report regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “might,” “will,” “objective,” “intend,” “should,” “could,” “can,” “would,” “expect,” “believe,” “anticipate,” “project,” “target,” “design,” “estimate,” “predict,” “potential,” “plan” or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on our management’s belief and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future operational or financial performance, and involve known and unknown risks, uncertainties and other factors, including those described or incorporated by reference in “Item 1A. Risk Factors” of Part I of this report, that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

The information included under the heading “Item 1. Business,” of Part I of this report contains statistical data and estimates, including forecasts, that are based on information provided by Gartner, Inc. (“Gartner”) in “Forecast: Semiconductor Capital Spending, Wafer Fab Equipment and Capacity, Worldwide, 4Q24 Update, Bob Johnson et al., 26 December 2024.”

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While we are not aware of any misstatements in the Gartner Content, estimates, and in particular forecasts, involve numerous assumptions and are subject to risks and uncertainties, as well as change based on various factors, that could cause results to differ materially from those expressed in the data presented below.

Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Except as required by law, we assume no obligation to update these statements publicly or to update the reasons actual results could differ materially from those anticipated in these statements, even if new information becomes available in the future.

You should read this report, and the documents that we reference in this report and have filed as exhibits to this report, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

PART I

Item 1. Business

Overview

We supply advanced, innovative capital equipment developed for the global semiconductor industry. Fabricators of advanced integrated circuits, or chips, can use our wet-cleaning and other front-end processing tools in numerous steps to improve product yield, even at increasingly advanced process nodes. We have designed these tools for use in fabricating foundry, logic and memory chips, including dynamic random-access memory, or DRAM, and 3D NAND-flash memory chips. We also develop, manufacture and sell a range of advanced packaging tools to wafer assembly and packaging customers.

Revenue from single wafer cleaning, Tahoe and semi-critical cleaning equipment totaled \$578.9 million, or 74.0% of total revenue in 2024, \$403.9 million, or 72.4% of total revenue in 2023, and \$272.9 million, or 70.2% of total revenue in 2022. Revenue from ECP (front-end packaging), furnace and other technologies totaled \$151.1 million, or 19.3% of total revenue in 2024, \$103.4 million, or 18.5% of total revenue, in 2023, and \$77.5 million, or 19.9% of total revenue in 2022. Revenue from advanced packaging (excluding ECP), services and spares totaled \$52.2 million, or 6.7% of total revenue in 2024, \$50.5 million, or 9.1% of total revenue in 2023, and \$38.4 million, or 9.9% of total revenue in 2022. Selling prices for our tools generally range from \$0.5 million to more than \$5 million.

We estimate, based on third-party reports and on customer and other information, that our current product portfolio addresses approximately \$18 billion of the 2024 global wafer fab equipment, or WFE, market. By product line, we estimate an approximately \$5.9 billion market opportunity is addressed by our wafer cleaning equipment, \$4.7 billion by our Plasma-Enhanced Chemical Vapor Deposition, or PECVD, equipment, \$2.8 billion by our Track equipment, \$2.4 billion by our furnace equipment, \$1 billion by our electro-chemical plating, or ECP, equipment, and more than \$1.2 billion by our stress-free polishing, advanced packaging, wafer processing, and other processing equipment.

Gartner estimates the total worldwide semiconductor WFE market grew by 4.1% from \$102.9 billion in 2023 to \$107.1 (1) billion in 2024, and estimates will increase by 4.1% to \$111.5 billion in 2025. Gartner estimates China WFE grew by 11.5%, from \$33.7 billion in 2023 to \$37.5 billion in 2024, and is expected to decrease by 23.6% to \$28.7 billion in 2025¹.

We have focused our selling efforts on establishing a referenceable base of leading foundry, logic and memory chip makers, whose use of our products can influence decisions by other manufacturers. We believe this customer base has helped us penetrate the mature chip manufacturing markets and build credibility with additional industry leaders. We have used a “demo-to-sales” process to place evaluation equipment, or “first tools,” with a number of selected customers.

To date, a substantial majority of our sales of semiconductor capital equipment have been to customers located in Asia, and we anticipate that a substantial majority of our revenue from these products will continue to come from customers located in this region for the foreseeable future. Our operation includes sales, marketing and services personnel in North America, Western Europe and Southeast Asia to expand and support major new customer initiatives for the products of ACM Shanghai to additional regions beyond mainland China.

We are focused on building a strategic portfolio of intellectual property to support and protect our key innovations. Our tools have been developed using our key proprietary technologies:

- *Space Alternated Phase Shift, or SAPS, technology for flat and patterned (deep via or deep trench with stronger structure) wafer surfaces.* SAPS technology employs alternating phases of megasonic waves to deliver megasonic

¹ The information contains statistical data and estimates, including forecasts, that are based on information provided by Gartner®, "Forecast: Semiconductor Capital Spending, Wafer Fab Equipment and Capacity, Worldwide, 4Q24 Update, Bob Johnson et al., 26 December 2024."

energy in a highly uniform manner on a microscopic level. We have shown SAPS technology to be more effective than conventional megasonic and jet spray technologies in removing random defects across an entire wafer, with increasing relative effectiveness at more advanced production nodes.

- *Timely Energized Bubble Oscillation, or TEBO, technology for patterned wafer surfaces at advanced process nodes.* TEBO technology has been developed to provide effective, damage-free cleaning for 2D and 3D patterned wafers with fine feature sizes. We have demonstrated the damage-free cleaning capabilities of TEBO technology on patterned wafers for feature nodes as small as 1xnm (16 to 19 nanometers, or nm), and we have shown TEBO technology can be applied in manufacturing processes for patterned chips with 3D architectures having aspect ratios as high as 60-to-1.
- *Tahoe technology for cost and environmental savings.* Tahoe technology delivers high cleaning performance using significantly less sulfuric acid and hydrogen peroxide than is typically consumed by conventional high-temperature single-wafer cleaning tools.
- *ECP technology for advanced metal plating.* Our Ultra ECP ap, or Advanced Packaging, technology was developed for back-end assembly processes to deliver a more uniform metal layer at the notch area of wafers prior to packaging. Our Ultra ECP map, or Multi-Anode Partial Plating, technology was developed for front-end wafer fabrication processes to deliver advanced electrochemical copper plating for copper interconnect applications. Ultra ECP map offers improved gap-filling performance for ultra-thin seed layer applications, which is critical for advanced nodes at 28nm, 14nm and beyond.

We have also introduced and delivered a range of new tools intended to broaden our revenue opportunity with global semiconductor manufacturers. Product extensions include the Ultra SFP ap tool for advanced packaging solutions, the Ultra C VI 18-chamber single wafer cleaning tool for advanced memory devices, and the Ultra ECP 3d platform for through-silicon-via, or tsv, application. New product lines include the Ultra fn Furnace, our first dry processing tool, and a suite of semi-critical cleaning systems which include single wafer back side cleaning, scrubber, and auto bench cleaning tools.

We added two major new product categories in 2022 with the launch of the Ultra Pmax™ PECVD tool, which is equipped with a proprietary designed chamber, gas distribution unit and chuck, and is intended to provide better film uniformity, reduced film stress, and improved particle performance, and the introduction of the Ultra Track tool, a 300mm process tool that delivers uniform air downflow, fast robot handling and customizable software to address specific customer requirements, and has multiple features that enhance performance across defectivity, throughput, and cost of ownership.

On November 18, 2021, ACM Shanghai successfully completed its initial public offering of shares of ACM Shanghai in mainland China, which we refer to as the STAR IPO, and its shares began trading on the Shanghai Stock Exchange's SciTech innovAtion boaRd, known as the STAR Market, which we refer to as the STAR Listing, as described under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our Technology and Product Offerings

Wet Cleaning Equipment for Front End Production Processes

Chip fabricators can use our single-wafer wet-cleaning tools in numerous steps to improve product yield in the front-end production process, during which individual devices are patterned in a chip prior to being interconnected on a wafer. Our wet-cleaning equipment has been developed using our proprietary SAPS, TEBO and Tahoe technologies, which allow our tools to remove random defects from a wafer surface effectively, without damaging a wafer or its features, even at increasingly advanced process nodes (the minimum line widths on a chip) of 22nm or less. We use a modular configuration that enables us to create a wet-cleaning tool meeting the specific requirements of a customer, while using pre-existing designs for chamber, electrical, chemical delivery and other modules. Our modular approach supports a wide range of customer needs and facilitates the adaptation of our model tools for use with the optimal chemicals selected to meet a customer's requirements. Our tools are offered principally for use in manufacturing chips from 300 millimeter, or mm, silicon wafers, but we also offer solutions for 150mm and 200mm wafers and for nonstandard substrates, including compound semiconductor, quartz, sapphire, glass and plastics.

SAPS Technology, Applications and Equipment

SAPS Technology

SAPS technology delivers megasonic energy uniformly to every point on an entire wafer by alternating phases of megasonic waves in the gap between a megasonic transducer and the wafer. Radicals for removing random defects are generated in dilute solution, and the radical generation is promoted by megasonic energy. Unlike “stationary” megasonic transducers used in conventional megasonic cleaning methods, SAPS technology moves or tilts a transducer while a wafer rotates, enabling megasonic energy to be delivered uniformly across all points on the wafer, even if the wafer is warped. The mechanical force of cavitations generated by megasonic energy enhances the mass transfer rate of dislodged random defects and improves particle removal efficiency.

By delivering megasonic energy in a highly uniform manner on a microscopic level, SAPS technology can precisely control the intensity of megasonic energy and can effectively remove random defects of all sizes across the entire wafer in less total cleaning time than conventional megasonic cleaning products, without loss of material or roughing of wafer surfaces. We have conducted trials demonstrating SAPS technology to be more effective than conventional megasonic and jet spray cleaning technologies as defect sizes shrink from 300nm to 20nm and below. These trials show that SAPS technology has an even greater relative advantage over conventional jet spray technology for cleaning defects between 50 and 65nm in size, and we expect the relative benefits of SAPS will continue to apply in cleaning even smaller defect sizes.

SAPS Applications

SAPS megasonic cleaning technology can be applied during the chip fabrication process to clean wafer surfaces and interconnects. It also can be used to clean, and lengthen the lifetime, of recycled test wafers.

Wafer Surfaces. SAPS technology can enhance removal of random defects following planarization and deposition, which are among the most important, and most repeated, steps in the fabrication process:

- *Post CMP:* Chemical mechanical planarization, or CMP, uses an abrasive chemical slurry following other fabrication processes, such as deposition and etching, in order to achieve a smooth wafer surface in preparation for subsequent processing steps. SAPS technology can be applied following each CMP process to remove residual random defects deposited or formed during CMP.
- *Post Hard Mask Deposition:* As part of the photolithographical patterning process, a mask is applied with each deposition of a material layer to prevent etching of material intended to be retained. Hard masks have been developed to etch high aspect-ratio features of advanced chips that traditional masks cannot tolerate. SAPS technology can be applied following each deposition step involving hard masks that use nitride, oxide or carbon-based materials to achieve higher etch selectivity and resolution.

For these purposes, SAPS technology uses environmentally friendly dilute chemicals, reducing chemical consumption. Chemical types include dilute solutions of chemicals used in RCA cleaning, such as dilute hydrofluoric acid and RCA SC-1 solutions, and, for higher quality wafer cleaning, functional de-ionized water produced by dissolving hydrogen, nitrogen or carbon dioxide in water containing a small amount of chemicals, such as ammonia. Functional water removes random defects by generating radicals, and megasonic excitation can be used in conjunction with functional water to further increase the generation of radicals. Functional water has a lower cost and environmental impact than RCA solutions, and using functional water is more efficient in eliminating random defects than using dilute chemicals or de-ionized water alone. We have shown that SAPS megasonic technology using functional water exhibits high efficiency in removing random defects, especially particles smaller than 65nm, with minimal damage to structures.

Interconnects and Barrier Metals. Each successive advanced process node has led to finer feature sizes of interconnects such as contacts, which form electrical pathways between a transistor and the first metal layer, and vias, which form electrical pathways between two metal layers. Advanced nodes have also resulted in higher aspect ratios for interconnect structures,

with thinner, redesigned metal barriers being used to prevent diffusion. SAPS technology can improve the removal of residues and other random defects from interconnects during the chip fabrication process:

- *Post Contact/Via Etch:* Wet etching processes are commonly used to create patterns of high-density contacts and vias. SAPS technology can be applied after each such etching process to remove random defects that could otherwise lead to electrical shorts.
- *Pre Barrier-Metal Deposition:* Copper wiring requires metal diffusion barriers at the top of via holes to prevent electrical leakage. SAPS technology can be applied prior to deposition of barrier metal to remove residual oxidized copper, which otherwise would adhere poorly to the barrier and impair performance.

For these applications, SAPS technology uses environmentally friendly dilute chemicals such as dilute hydrofluoric acid, RCA SC-1 solution, ozonated de-ionized water and functional de-ionized water with dissolved hydrogen. These chemical solutions take the place of piranha solution, a high-temperature mixture of sulfuric acid and hydrogen peroxide used by conventional wet wafer cleaning processes. We have shown that SAPS technology exhibits greater efficiency in removing random defects, and lower levels of material loss, than conventional processes, and our chemical solutions are less expensive and more environmentally conscious than piranha solution.

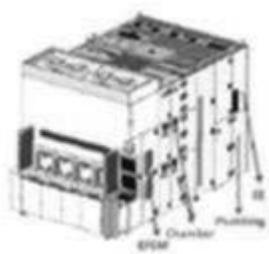
Recycled Test Wafers. In addition to using silicon wafers for chip production, chip manufacturers routinely process wafers through a limited portion of the front-end fabrication steps in order to evaluate the health, performance and reliability of those steps. Manufacturers also use wafers for non-product purposes such as inline monitoring. Wafers used for purposes other than manufacturing revenue products are known as test wafers, and it is typical for twenty to thirty percent of the wafers circulating in a fab to be test wafers. In light of the significant cost of wafers, manufacturers seek to re-use a test wafer for more than one test. As test wafers are recycled, surface roughness and other defects progressively impair the ability of a wafer to complete tests accurately. SAPS technology can be applied to reduce random defect levels of a recycled wafer, enabling the test wafer to be reclaimed for use in additional testing processes. For these purposes, SAPS technology includes improved fan filter units that balances intake and exhaust flows, precise temperature and concentration controls that ensure better handling of concentrated acid processes, and two-chemical recycle capability that reduces chemical consumption.

SAPS Equipment

We offer two principal models of wet wafer cleaning equipment based on our SAPS technology, Ultra C SAPS II and Ultra C SAPS V. Each of these models is a single-wafer, serial-processing tool that can be configured to customer specifications and, in conjunction with appropriate dilute chemicals, used to remove random defects from wafer surfaces or interconnects and barrier metals as part of the chip front-end fabrication process or for recycling test wafers. By combining our megasonic and chemical cleaning technologies, we have designed these tools to remove random defects with greater efficacy and efficiency than conventional wafer cleaning processes, with enhanced process flexibility and reduced quantities of chemicals. Each of our SAPS models was initially built to meet specific requirements of a key customer.



SAPS II (released in 2011). Highlights of our SAPS II equipment include:



- compact design, with footprint of 2.65m x 4.10m x 2.85m (WxDxH), requiring limited clean room floor space;
- up to 8 chambers, providing throughput of up to 225 wafers per hour;
- double-sided cleaning capability, with up to 5 cleaning chemicals for process flexibility;
- 2-chemical recycling capability for reduced chemical consumption;
- image wafer detection method for lowering wafer breakage rates; and
- chemical delivery module for delivery of dilute hydrofluoric acid, RCA SC-1 solution, functional de-ionized water and carbon dioxide to each of the chambers.

SAPS V (released in 2014). SAPS V includes SAPS II features with the following upgrades:



- compact design, with footprint of 2.55m x 5.1m x 2.85m (WxDxH), requiring limited clean room floor space;
- up to 12 chambers, providing throughput of up to 375 wafers per hour;
- chemical supply system integrated into mainframe;
- inline mixing method replaces tank auto changing, reducing process time; and
- improved drying technology using hot isopropyl alcohol and de-ionized

TEBO Technology, Applications and Equipment

TEBO Technology

We developed TEBO technology for application in wet wafer cleaning during the fabrication of 2D and 3D wafers with fine feature sizes. TEBO technology facilitates effective cleaning even with patterned features too small or fragile to be addressed by conventional jet spray and megasonic cleaning technologies.

TEBO technology solves the problems created by transient cavitation in conventional megasonic cleaning processes. Cavitation is the formation of bubbles in a liquid, and transient cavitation is a process in which a bubble in fluid implodes or collapses. In conventional megasonic cleaning processes, megasonic energy forms bubbles and then causes those bubbles to implode or collapse, blasting destructive high-pressure, high-temperature micro jets toward the wafer surface. Our internal testing has confirmed that at any level of megasonic energy capable of removing random defects, the sonic energy and mechanical force generated by transient cavitation are sufficiently strong to damage fragile patterned structures with features less than 70nm.

TEBO technology provides multi-parameter control of cavitation by using a sequence of rapid changes in pressure to force a bubble in liquid to oscillate at controlled sizes, shapes and temperatures, rather than implode or collapse. As a result, cavitation remains stable during TEBO megasonic cleaning processes, and a chip fabricator can, using TEBO technology, apply the level of megasonic energy needed to remove random defects without incurring the pattern damage created by transient cavitation in conventional megasonic cleaning.

We have demonstrated the damage-free or low-damage cleaning capabilities of TEBO technology on customers' patterned wafers as small as 1xnm (16nm to 19nm), and we believe TEBO technology will be applicable in even smaller fabrication process nodes. TEBO technology can be applied in manufacturing processes for conventional 2D chips with fine features and advanced chips with 3D structures, including Fin Field Effect Transistors or FinFET, DRAM, 3D NAND and 3D cross

point memory, and we expect it will be applicable to other 3D architectures developed in the future, such as carbon nanotubes and quantum devices. As a result of the thorough, controlled nature of TEBO processes, cleaning time for TEBO-based solutions may take longer than conventional megasonic cleaning processes. Conventional processes have proven ineffective, however, for process nodes of 20nm or less, and we believe the increased yield that can be achieved by using TEBO technology for nodes up to 70nm can more than offset the cost of the additional time in utilizing TEBO technology.

TEBO Applications

At process nodes of 28nm and less, chip makers face escalating challenges in eliminating nanometric particles and maintaining the condition of inside pattern surfaces. In order to maintain chip quality and avoid yield loss, cleaning technologies must control random defects of diminishing killer defect sizes, without roughing or otherwise damaging surfaces of transistors, interconnects or other wafer features. TEBO technology can be applied in numerous steps throughout the manufacturing process flow for effective, damage-free cleaning:

- *Memory Chips:* We estimate that TEBO technology can be applied in as many as 50 steps in the fabrication of a DRAM chip, consisting of up to 10 steps in cleaning ISO structures, 20 steps in cleaning buried gates, and 20 steps in cleaning high aspect-ratio storage nodes and stacked films.
- *Logic Chips:* In the fabrication process for a logic chip with a FinFET structure, we estimate that TEBO technology can be used in 15 or more cleaning steps.

For purposes of solving inside pattern surface conditions for memory or logic chips, TEBO technology uses environmentally friendly dilute chemicals such as RCA SC-1 and hydrogen gas doped functional water.

TEBO Equipment

We offer two models of wet wafer cleaning equipment based on our TEBO technology, Ultra C TEBO II and Ultra C TEBO V. Each of these models is a single-wafer, serial-processing tool that can be configured to customer specifications and, in conjunction with appropriate dilute chemicals, used at numerous manufacturing processing steps for effective, damage-free cleaning of chips at process nodes of 28nm or less. TEBO equipment solves the problem of pattern damage caused by transient cavitation in conventional jet spray and megasonic cleaning processes, providing better particle removal efficiency

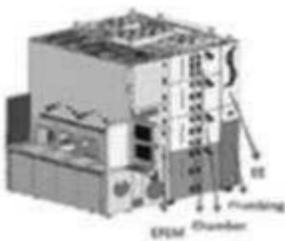
with limited material loss or roughing. TEBO equipment is being evaluated by a select group of leading memory and logic chip customers.

Each model of TEBO equipment includes:



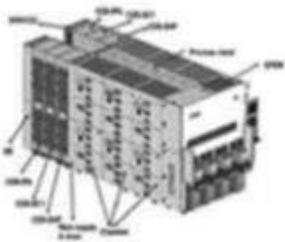
- an equipment front-end module, or EFEM, which moves wafers from chamber to chamber.
- one or more chamber modules, each equipped with a TEBO megasonic generator system.
- an electrical module to provide power for the tool; and
- a chemical delivery module.

Ultra C TEBO II (released in 2016). Highlights of our Ultra C TEBO II equipment include:



- compact design, with footprint of 2.25m x 2.25m x 2.85m (WxDxH);
- up to 8 chambers with an upgraded transport system and optimized robotic scheduler, providing throughput of up to 300 wafers per hour.
- EFEM module consisting of 4 load ports, transfer robot and 1 process robot; and
- focus on dilute chemicals contributes to environmental sustainability and lower cost of ownership.

Ultra C TEBO V (released in 2016). Highlights of our Ultra C TEBO V equipment include:



- footprint of 2.45m x 5.30m x 2.85m (WxDxH).
- up to 12 chamber modules, providing throughput of up to 300 wafers per hour.
- EFEM module consisting of 4 load ports, 1 transfer robot and 1 process robot; and
- chemical delivery module for delivery of isopropyl alcohol, dilute hydrofluoric acid, RCA SC-1 solution, functional de-ionized water and carbon dioxide to each of the chambers.

Tahoe Overview

Our Ultra-C Tahoe wafer cleaning tool can deliver high cleaning performance using significantly less sulfuric acid and hydrogen peroxide than is typically consumed by conventional high-temperature single-wafer cleaning tools. During normal single-wafer cleaning processes, only a fraction of the acid reacts with the wafer surface, while the majority is wasted as acid spins off the wafer and requires significant cost and effort to be recycled. Tahoe employs a proprietary hybrid approach in which the sulfuric acid cleaning steps are processed in batch mode, and the final stage cleaning are processed with single-wafer cleaning technologies. In addition to providing cost savings resulting from vastly reduced sulfuric acid consumption, Ultra-C Tahoe meets the needs of customers who face increased environmental regulations and demand new, more environmentally-friendly tools.

Advanced Packaging and other Back-End Processing Tools

We leverage our technology and expertise to provide a range of single-wafer tools for back-end wafer assembly and packaging factories. We develop, manufacture and sell a wide range of advanced packaging tools, such as coaters, developers,

photoresist strippers, scrubbers, wet etchers and copper-plating tools. We focus on providing custom-made, differentiated equipment that incorporates customer-requested features at a competitive price.

For example, our Ultra C Coater is used in applying photoresist, a light-sensitive material used in photolithography to transfer a pattern from a mask onto a wafer. Coaters typically provide input and output elevators, shuttle systems and other devices to handle and transport wafers during the coating process. Unlike most coaters, the Ultra C Coater is fully automated. Based on requests from customers, we developed and incorporated the special function of chamber auto-clean module into the Ultra C Coater, which further differentiates it from other products in the market by reducing or eliminating the cleaning of shroud in the coater which increases the tool's continuous production time. The Ultra C Coater is designed to deliver improved throughput and more efficient tool utilization while eliminating particle generation.

Our other advanced packaging tools include: Ultra ECP ap, which delivers a uniform metal layer to finished wafers prior to packaging; Ultra C Developer, which applies liquid developer to selected parts of photoresist to resolve an image; Ultra C PR Megasonic-Assisted Stripper, which removes photoresist; Ultra C Scrubber, which scrubs and cleans wafers; Ultra C Thin Wafer Scrubber, which addresses a sub-market of cleaning very thin wafers for certain Asian assembly factories; and Ultra C Wet Etcher, which etches silicon wafers and copper and titanium interconnects.

Our Customers

Since 2009 we have delivered more than 1,120 tools to our customers, more than 920 of which were repeat orders or acceptances upon contractual performance obligations having been met and thereby generated revenue to us. The balance of the delivered tools is subject to the customer's acceptance of the tool upon the tool's satisfaction of applicable contractual requirements or subject to the customer's subsequent discretionary commitment to purchase the tool. To date, substantially all of our sales of equipment for semiconductor-manufacturing have been to customers located in Asia, and we anticipate that a substantial majority of our revenue from these products will continue to come from customers located in this region for the foreseeable future. We have begun to add to our efforts to further address customers in North America, Western Europe and Southeast Asia, by expanding our direct sales teams and increasing our global marketing activities.

Our front-end customers have included: Shanghai Huali Microelectronics Corporation, together with Huahong Semiconductor Ltd., collectively known as The Shanghai Huahong (Group) Company, Ltd., or The Huali Huahong Group, a leading mainland China-based foundry; Semiconductor Manufacturing International Corporation, or SMIC, a leading mainland China-based foundry; SK Hynix Inc., a leading Korean memory chip company; Yangtze Memory Technologies Co., Ltd., or YMT, a leading mainland China-based memory chip company, together with one of its subsidiaries; ChangXin Memory Technologies, or CXMT, a leading mainland China-based memory chip company; Shenzhen Pengxinwei Integrated Circuit Manufacturing Co., Ltd., or PXW, a leading mainland China-based semiconductor foundry company; and SiEn, a leading mainland China-based power-semiconductor chip company. Our wafer assembly and packaging customers have included: Jiangyin Changdian Advanced Packaging Co. Ltd., a mainland China-based wafer bumping packaging house that is a subsidiary of JCET Group Co., Ltd.; Nantong Tongfu Microelectronics Co., Ltd., a mainland China-based chip assembly and testing company that is a subsidiary of Nantong Fujitsu Microelectronics Co., Ltd.; Nepes Co., Ltd., a semiconductor packaging company based in Korea; and Wafer Works Corporation, a mainland China-based wafer supplier.

In 2024, 52.2% of our revenue was derived from four customers: The Huali Huahong Group accounted for 14.7% of our revenue; SMIC accounted for 13.6% of our revenue; YMT accounted for 12.0% of our revenue; and PXW accounted for 11.9% of our revenue.

In 2023, 45.5% of our revenue was derived from three customers: SMIC accounted for 16.7% of our revenue; SiEn accounted for 15.4% of our revenue; and CXMT; accounted for 13.4% of our revenue.

In 2022, 43.8% of our revenue was derived from three customers: The Huali Huahong Group; accounted for 18.2% of our revenue; SMIC accounted for 15.6% of our revenue, and YMT accounted for 10.0% of our revenue.

Sales and Marketing

We market and sell our products worldwide using a combination of our direct sales force and third-party representatives. We employ direct sales teams in mainland China, the United States, Southeast Asia, and Europe. We also employ field application engineers, who are typically co-located with our direct sales teams, to provide technical pre- and post-sale support and other assistance to existing and potential customers throughout the customers' fab planning and production line qualification and fab expansion phases. Our field application engineers are organized by end markets as well as core competencies in hardware, control system, software and process development to support our customers.

To supplement our direct sales teams, we have contacts with several independent sales representatives in mainland China, Korea and Taiwan. We select these independent representatives based on their ability to provide effective field sales, marketing forecast and technical requirement updates for our products. In the case of representatives, our customers place purchase orders with us directly rather than with the representatives.

Our sales have historically been made using purchase orders with agreed technical specifications. Our sales terms and conditions are generally consistent with industry practice but may vary from customer to customer. We seek to obtain a purchase order two to six months ahead of the customer's desired delivery date. Consistent with industry practice, we allow customers to reschedule or cancel orders at a certain cost to them on relatively short notice. Because of our relatively short delivery period and our practice of permitting rescheduling or cancellation, we believe that backlog is not a reliable indicator of our future revenue.

Our marketing team focuses on our product strategy and technology road maps, product marketing, new product introduction processes, demand assessment and competitive analysis, customer requirement communication and public relations. Our marketing team also has the responsibility to conduct environmental scans, study industry trends and arrange our participation at major trade shows.

Manufacturing

We conduct a substantial majority of our product development, manufacturing, support and services in mainland China, with additional product development and subsystem production in Korea. Substantially all of our tools are built to order at our Chuansha manufacturing facilities in the Pudong region of Shanghai. In the fourth quarter of 2024, we began initial operations at our Lingang development and production center. The facility, when fully completed, is intended to comprise more than 1,000,000 square feet and incorporate state-of-the-art manufacturing systems and automation technologies to expand our production capacity and support additional research and development activities. See "Item 2. Properties," of Part I of this report.

We purchase some of the components and assemblies that we subsequently integrate into our products from a range of suppliers, some of which are single-source suppliers, and/or U.S. based suppliers which can no longer supply ACM Shanghai, ACM Korea and related entities as a result of recently enacted regulations including designations on the BIS Entity List. We believe that we can obtain and qualify alternative sources to supply these components. Nevertheless, any delays or prolonged inability to obtain or to replace these components could have an adverse effect on our operating results and could unfavorably impact our customer relationships. Please see "Item 1A. Risk Factors—Risks Related to Our Business and Our Industry—We depend on a limited number of suppliers, including single source suppliers, for critical components and assemblies, and our business could be disrupted if they are unable to meet our needs."

Research and Development

We believe that our success depends in part on our ability to develop and deliver breakthrough technologies and capabilities to meet our customers' ever-more challenging technical requirements. For this reason, we devote significant financial and personnel resources to research and development. Our research and development team is comprised of highly skilled engineers and technologists with extensive experience in megasonic and other technologies, cleaning processes and chemistry, mechanical design, and control system design.

For the foreseeable future we are focusing on enhancing our Ultra C SAPS, TEBO, Tahoe, ECP, furnace and other tools and integrating additional capabilities to meet and anticipate requirements from our existing and potential customers. Our particular areas of focus include development of the following:

- new cleaning steps for Ultra C SAPS cleaners for application in logic chips and for DRAM, and 3D NAND technologies.
- new cleaning steps for Ultra C TEBO cleaners for FinFET in logic chips, gates in DRAM, and deep vias in 3D NAND technologies.
- new cleaning steps for Ultra Tahoe cleaners for application in logic chips and for DRAM and 3D NAND technologies.
- new dry technologies such as supercritical CO₂ dry and advanced IPA dry for DRAM, and logic technologies.
- new hardware, including new system platforms, new and additional chamber structures and new chemical blending systems;
- new software to integrate new functionalities to improve tool performance; and
- support for the ongoing evaluations and commercialization efforts and product extensions for the newly introduced PECVD and Track product categories.

Longer term, we are working on new proprietary process capabilities based on our existing tool hardware platforms. We are also working to integrate our tools with third-party tools in adjacent process areas in the chip manufacturing flow.

Our research and development expense totaled \$105.5 million or 13.5% of revenue in 2024, \$92.7 million or 16.6% of revenue in 2023, and \$62.2 million or 16.0% of revenue in 2022. We intend to continue to invest in research and development to support and enhance our existing products and to develop future product offerings to build and maintain our technology leadership position.

Intellectual Property

Our success and future revenue growth depend, in part, on our ability to protect our intellectual property. We control access to and use of our proprietary technologies, software and other confidential information through the use of internal and external controls, including contractual protections with employees, consultants, advisors, customers, partners and suppliers. We rely primarily on patent, copyright, trademark and trade secret laws, as well as confidentiality procedures, to protect our proprietary technologies and processes. All employees and consultants are required to execute confidentiality agreements in connection with their employment and consulting relationships with us. We also require them to agree to disclose and assign to us all inventions conceived or made in connection with the employment or consulting relationship.

We have aggressively pursued intellectual property since our founding in 1998. We focus our patent filing efforts in the United States, and, when justified by cost and strategic importance, we file corresponding foreign patent applications in strategic jurisdictions such as the European Union, mainland China, Japan, Singapore, Korea, and Taiwan. Our patent strategy is designed to provide a balance between the need for coverage in our strategic markets and the need to maintain costs at a reasonable level.

As of December 31, 2024, we have been issued more than 537 patents in the United States, mainland China, Japan, Korea, Singapore and Taiwan, including 76 issued patents, and 32 patents pending, in the United States. These patents carry expiration dates from 2027 through 2039. Many of the US patents and applications have also been filed internationally, including one or more of the European Union, Japan, mainland China, Singapore, Korea, and Taiwan. Specifically, we own patents in wafer cleaning, electro-polishing and plating, wafer preparation, and other semiconductor processing technologies.

We manufacture advanced single-wafer cleaning systems equipped with our SAPS, TEBO and Tahoe technologies. We have 63 patents granted internationally protecting our SAPS technologies, and we have filed 13 international patent applications for key TEBO technologies, and 5 for Tahoe, in accordance with the Patent Cooperation Treaty. In addition, we have patented technologies for SFP and ECP that are embedded in certain tools. We also have patented technologies in other semiconductor processing areas, including wafer preparation and several specific processing steps.

To date we have not granted licenses to third parties under the patents described above. Not all of these patents have been implemented in products. We may enter into licensing or cross-licensing arrangements with other companies in the future.

We cannot assure you that any patents will issue from any of our pending applications. Any rights granted under any of our existing or future patents may not provide meaningful protection or any commercial advantage to us. With respect to our other proprietary rights, it may be possible for third parties to copy or otherwise obtain and use our proprietary technology or marks without authorization or to develop similar technology independently.

The semiconductor equipment industry is characterized by vigorous protection and pursuit of intellectual property rights or positions, which have resulted in often protracted and expensive litigation. We may in the future initiate claims or litigation against third parties to determine the validity and scope of proprietary rights of others. In addition, we may in the future initiate litigation to enforce our intellectual property rights or the rights of our customers or to protect our trade secrets.

Our customers could become the target of litigation relating to the patent or other intellectual property rights of others. This could trigger technical support and indemnification obligations in some of our customer agreements. These obligations could result in substantial expenses, including the payment by us of costs and damages related to claims of patent infringement. In addition to the time and expense required for us to provide support or indemnification to our customers, any such litigation could disrupt the businesses of our customers, which in turn could hurt our relations with our customers and cause the sale of our products to decrease. We do not have any insurance coverage for intellectual property infringement claims for which we may be obligated to provide indemnification.

Additional information about the risks relating to our intellectual property is provided under “Item 1A. Risk Factors—Risks Related to Our Intellectual Property and Data Security.”

Competition

The chip equipment industry is characterized by rapid change and is highly competitive throughout the world. We compete with semiconductor equipment companies located around the world, and we may also face competition from new and emerging companies, including new competitors from mainland China. We consider our principal competitors to be those companies that provide wafer cleaning and electrical plating products to the market, including Lam Research Corporation, NAURA Technology Group Co., Ltd., Mujin Electronics Co., Ltd., SCREEN SPE USA, LLC (a subsidiary of SCREEN Holdings Co., Ltd.), SEMES Co. Ltd., Tokyo Electron Ltd. and Kokusai Semiconductor Equipment Corporation. Key competitors for our newly-introduced PECVD and Track products include Lam Research Corporation, Applied Materials, Inc., KINGSEMI Co., Ltd. and Suzhou Jingtuo Semiconductor Technology Co., Ltd.

Compared to our company, our current and potential competitors may have:

- better established credibility and market reputations, longer operating histories, and broader product offerings;
- significantly greater financial, technical, marketing and other resources, which may allow them to pursue design, development, manufacturing, sales, marketing, distribution and service support of their products;
- more extensive customer and partner relationships, which may position them to identify and respond more successfully to market developments and changes in customer demands;
- multiple product offerings, which may enable them to offer bundled discounts for customers purchasing multiple products or other incentives that we cannot match or offer.

The principal competitive factors in our market include:

- performance of products, including particle removal efficiency, rate of damage to wafer structures, high temperature chemistry, throughput, tool uptime and reliability, safety, chemical waste treatment, and environmental impact;
- gap filling capability, the deposited film thickness uniformity within wafer and wafer to wafer, particle generated on the wafer during the processes;
- service support capability and spare parts delivery time; innovation and development of functionality and features that are must-haves for advanced fabrication nodes;

- ability to anticipate customer requirements, especially for advanced process nodes of less than 45nm; ability to identify new process applications;
- brand recognition and reputation; and
- skill and capability of personnel, including design engineers, manufacturing engineers and technicians, application engineers, and service engineers.

In addition, semiconductor manufacturers must make a substantial investment to qualify and integrate new equipment into semiconductor production lines. Once a semiconductor manufacturer has selected a particular supplier's equipment and qualified it for production, the manufacturer generally maintains that selection for that specific production application and technology node as long as the supplier's products demonstrate performance to specification in the installed base. Accordingly, we may experience difficulty in selling to a given manufacturer if that manufacturer has qualified a competitor's equipment. If, however, that cleaning equipment constrains chip yield, we expect, based on our experience to date, that the manufacturer will evaluate implementing new equipment that cleans more effectively.

Our People

As of December 31, 2024, we had 2,023 full-time equivalent employees, of whom 165 were in administration, 328 were in manufacturing, 933 were in research and development, and 597 were in sales and marketing and customer services. Of these employees, 1,839 were located in mainland China and the Taiwan region, 160 were located in Korea and 24 were based in the United States. We have never had a work stoppage, and none of our employees are represented by a labor organization or subject to any collective bargaining arrangements. We consider our employee relations to be good.

We compete in the highly competitive semiconductor equipment industry, with operations principally in mainland China. Attracting, developing, and retaining skilled and experienced employees in research and development, manufacturing, sales and marketing, and other positions is crucial to our ability to compete effectively. Our ability to recruit and retain such employees depends on a number of factors, including our corporate culture and work environment, informed by our values and behaviors, our corporate philosophy of talent development and career opportunities, and compensation and benefits.

To attract and retain qualified employees and key talent, we offer total compensation packages that are competitive with comparable companies, particularly in mainland China and, specifically, Shanghai.

We provide training and development programs to our employees, and we have trained many of our key engineers and managers for more than a decade. Retention of these key employees is critical to secure our future growth and technology development. To assist in employee retention and recruitment, we offer employee housing in the Lingang region of Shanghai nearby our new research and development and production center.

Environmental

Severe weather events, including earthquakes, fires, floods, heat waves, hurricanes and other environmental disasters, could pose a threat to our manufacturing and research and development activities through physical damage to our operating facilities or equipment or disruption of power supply or telecommunications infrastructure. The frequency and intensity of severe weather events are reportedly increasing throughout the world as part of broader climate changes. Global weather pattern changes may also pose long-term risks of physical impacts to our business. We maintain disaster recovery and business continuity plans that would be implemented to help us recover in the event of severe weather events that interrupt our business. See "Item 1A. Risk Factors—General—Our production facilities could be damaged or disrupted by a natural disaster, war, terrorist attacks or other catastrophic events."

Concerns about climate change have resulted in various laws and regulations that are intended to limit carbon emissions and address other environmental concerns. In recent years, mainland China, where our production facilities are located, has undertaken comprehensive sustainability initiatives that are requiring companies to meet new environmental standards and deal with higher energy and other production costs. Environmental laws and regulations may impose new or unexpected cost either directly through, for example, higher energy costs or indirectly through increased costs of compliance or of failing to

comply with these laws and regulations. These laws and regulations might increase the cost of construction, maintenance and operation of our new research and development center and factory in the Lingang region of Shanghai.

We do not currently expect that existing or pending climate change laws and regulations will be material to our results of operations in the foreseeable future. Climate change could, however, have a direct effect on our customer base of semiconductor fabricators, whose operations typically require copious quantities of power and water and a number of chemicals. Chip fabrication operations often result in significant amounts of wastewater, which can contain a number of harmful contaminants, including antimony, arsenic, hydrofluoric acid and hydrogen peroxide, that historically have resulted in groundwater pollution and related violations of environmental laws. Moreover, water and chemical demands for semiconductor fabrication are expected to increase with the production of more advanced chips at smaller process nodes. As a result, some leading chip fabricators have begun to invest in conservation and treatment technologies for water and chemicals.

We have designed some of our tools to require significantly reduced levels of environmentally harmful chemicals, which helps customers face increased environmental laws and regulations. SAPS and TEBO technologies use environmentally friendly dilute chemicals, such as dilute hydrofluoric acid, RCA SC-1 solution, ozonated de-ionized water and functional de-ionized water with dissolved hydrogen. In interconnect and barrier metals applications based on SAPS technology, for example, these chemical solutions take the place of chemicals such as piranha solution, a high-temperature mixture of sulfuric acid and hydrogen peroxide used by conventional wet wafer cleaning processes. Similarly, Tahoe technology delivers high cleaning performance using significantly less sulfuric acid and hydrogen peroxide than is typically consumed by conventional high-temperature single-wafer cleaning tools. For additional information, see “—Our Technology and Product Offerings—Wet Cleaning Equipment for Front End Production Processes.”

Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission, or the SEC. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those documents filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, or the Exchange Act, are also available free of charge on our website at www.acmr.com as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC.

Investors should note that we announce material information to our investors and others using filings with the SEC, press releases, public conference calls, webcasts or our website (www.acmr.com), including news and announcements regarding our financial performance, key personnel, our brands and our business strategy. Information that we post on our corporate website could be deemed material to investors. We encourage investors to review the information we post on these channels. We may from time to time update the list of channels we will use to communicate information that could be deemed material and will post information about any such change on www.acmr.com. The information on our website is not, and shall not be deemed to be, a part hereof or incorporated into this or any of our other filings with the SEC.

Item 1A. Risk Factors

Investing in Class A common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information contained in this report, including the consolidated financial statements and related notes set forth in “Item 8. Financial Statements and Supplementary Data”, before making an investment decision. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, results of operations or cash flows. In any such case, the trading price of Class A common stock could decline, and you may lose all or part of your investment. This report also contains forward-looking statements and estimates that involve risks and

uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks and uncertainties described below.

RISK FACTOR SUMMARY

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows and prospects. The risks are discussed more fully below and include, but are not limited to, the risks summarized below.

Risks Related to International Aspects of Our Business

- if any mainland China central government authority were to determine that existing mainland China laws or regulations require that ACM Shanghai obtain the authority's permission or approval to continue the listing of ACM Research's Class A common stock in the United States or if those existing mainland China laws and regulations, or interpretations thereof, were to change to require such permission or approval, or if we inadvertently conclude that permissions or approvals are not required, ACM Shanghai may be unable to obtain the required permission or approval or may only be able to obtain such permission or approval on terms and conditions that impose material new restrictions and limitations on operation of ACM Shanghai, either of which could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects and on the trading price of ACM Research Class A common stock, which could decline in value or become worthless;
- mainland China central government authorities may intervene in, or influence, ACM Shanghai's mainland China-based operations at any time, and those authorities' rules and regulations in mainland China can change quickly with little or no advance notice;
- the mainland China central government may determine to exert additional control over offerings conducted overseas or foreign investment in mainland China-based issuers, which could result in a material change in operations of ACM Shanghai and cause significant declines in the value of ACM Research Class A common stock, or make them worthless;
- if we are unable to comply with recent and proposed legislation and regulations regarding improved access to audit and other information and audit inspections of accounting firms, including registered public accounting firms, such as our prior and current audit firms, operating in mainland China, we could be adversely affected;
- it may be difficult for overseas regulators to conduct investigations or collect evidence within mainland China;
- substantially all of our assets are located outside of the United States which may make it difficult for you to enforce your rights based on the U.S. federal securities laws;

Risks Related to Our Business and Our Industry

- our potential future needs for additional capital that may not be available at all or on terms acceptable to us;
- the cyclical nature of the semiconductor industry that may lead to substantial variations in demand for our products;
- our dependence on a small number of customers for a substantial portion of our revenue;
- industry manufacturers of chips adopting our SAPS, TEBO, Tahoe, ECP, furnace and other technologies;
- our SAPS, TEBO, Tahoe, ECP, furnace and other technologies not achieving widespread market acceptance;
- our ability to continue to enhance our existing single-wafer wet cleaning tools and identifying and entering new product markets;
- our ability to establish and maintain a reputation for credibility and product quality;
- our ability to expand our customer base;
- our long and unpredictable sales cycle, including our incurrence of significant expenses long before we can recognize revenue from new products, if at all;
- difficulties in forecasting demand for our tools;
- our reliance on third parties to manufacture significant portions of our tools and our ability to manage our relationships with these parties;
- any shortage of components or subassemblies, which could result in delayed delivery of products to us or in increased costs to us;

- our dependence on a limited number of suppliers, including single source suppliers, for critical components and subassemblies;
- our dependence on our Chief Executive Officer and President and other senior management and key employees;

Regulatory Risks

- regulatory actions limiting our ability and the broader industry's ability to export into China, as well as other specified countries, items sourced from the U.S. or otherwise subject to control under the U.S. Export Administration Regulations (EAR), or controls introduced by other countries including Japan and the Netherlands, thereby impacting our ability to sell our tools to customers in these jurisdictions;
- our operations in mainland China and Korea subsidiaries, including the import of components, technology, and activities of U.S. personnel therein, may be further impacted by the addition of ACM Shanghai, ACM Korea and related entities to the BIS Entity List;
- the U.S. Government has implemented an outbound investment review mechanism, which may prevent us from taking advantage of investment opportunities outside the United States that could otherwise be advantageous to our stockholders;
- changes in government trade policies that could limit the demand for our tools and increase the cost of our tools;
- changes in political and economic policies with respect to mainland China;
- mainland China's currency exchange control and government restrictions on investment repatriation may impact our ability to transfer funds outside of mainland China;

Risks Related to the STAR Listing of ACM Shanghai

- our ability to implement our strategy to expand our mainland China operations;
- our ability to achieve the results contemplated by our business strategy and our strategy for growth in mainland China and expectations related to the STAR Listing;
- the effect of ACM Shanghai's status as a publicly traded company that is controlled, but less than wholly owned, by ACM Research;
- our ability to manage potentially inconsistent accounting and disclosure requirements of ACM Research and ACM Shanghai as a result of the STAR Listing;

Risks Related to Our Intellectual Property and Data Security

- our ability to protect our intellectual property, including in mainland China;
- breaches of our cybersecurity systems;

Risks Related to Ownership of Class A Common Stock

- the volatility in the market price of Class A common stock;
- manipulative short sellers of our stock, which may drive down the market price of our Class A common stock and could result in litigation;
- the difficulty to predict the effect of the STAR Listing and STAR IPO on the Class A common stock;
- the dual class structure of common stock, which has the effect of concentrating voting control with our executive officers and directors; and
- the limited experience of our management team managing a public company.

Risks Related to International Aspects of Our Business

If any mainland China central government authority were to determine that existing mainland China laws or regulations require that ACM Shanghai obtain the authority's permission or approval to continue the listing of ACM Research's Class A common stock in the United States or if those existing mainland China laws and regulations, or interpretations thereof, were to change to require such permission or approval, or if we inadvertently conclude that permissions or approvals are not required, ACM Shanghai may be unable to obtain the required permission or approval or may only be able to obtain such permission or approval on terms and conditions that impose material new restrictions and limitations on operation of ACM Shanghai, either of which could have a material adverse effect on our business, financial condition, results of

operations, reputation and prospects and on the trading price of ACM Research Class A common stock, which could decline in value or become worthless.

Mainland China central government authorities have taken steps to preclude, or significantly discourage, certain mainland China companies from listing on U.S. and other exchanges outside mainland China. Investments activities in mainland China by non-mainland China investors are principally governed by the Encouraged Industries Catalog for Foreign Investment (2020 version) and the Special Administrative Measures for Foreign Investment Access (Negative List 2021), both of which were promulgated by mainland China's Ministry of Commerce, or MOFCOM, and National Development and Reform Commission. These regulations set forth the industries in which foreign investments are encouraged, restricted and prohibited.

Industries that are not listed in any of these three categories are generally open to foreign investment unless otherwise specifically restricted by other mainland China rules and regulations. We believe that our operations do not fall within any industry that is restricted or prohibited under these regulations and that the regulations therefore do not apply to us.

Mainland China-based companies that seek to list their shares in the United States but are subject to mainland China restrictions on investments by non-mainland China investors sometimes use a special purpose vehicle known as a VIE created in an off-shore jurisdiction such as the Cayman Islands. In these structures, a VIE enters into a series of contractual arrangements with mainland China-based operating company and its mainland China-based shareholders that afford those shareholders, rather than the shareholders of the VIE, effective control over the finances and operations of the operating company. The VIE, effectively a shell company, issues share that are listed for trading on a U.S. exchange, but the enterprise is controlled by the legacy mainland China-based shareholders and is subject to mainland China laws and regulations. ACM Research is not a VIE or other special purpose, or shell, company, and its relationship with ACM Shanghai does not involve the types of contractual arrangements existing between a VIE and a mainland China-based operating company. ACM Research is a Delaware corporation founded in California in 1998 that formed ACM Shanghai to conduct business operations in mainland China. ACM Research controls the operations of ACM Shanghai through its direct ownership of ACM Shanghai shares, and it also conducts sales and marketing activities focused on sales of ACM Shanghai products in North America, Europe and certain regions in Asia outside mainland China.

We do not believe that our corporate structure or any other matters relating to our business operations currently require that ACM Shanghai obtain any permissions or approvals from the China Securities Regulatory Commission, or CSRC, or any other mainland China central government authority in connection with ACM's listing, or offering for sale in the future, shares of our Class A common stock in the United States. We, including ACM Shanghai, therefore have never solicited any permission or approval from any mainland China central government authority, and thus no such permissions or approvals have been received or denied, in connection with ACM Research's seeking and maintaining the listing of our Class A common stock in the United States. In the event that we inadvertently conclude that permissions or approvals are not required, or either the CSRC or another mainland China central government authority were to determine that existing mainland China laws or regulations require that ACM Shanghai obtain the authority's permission or approval to continue ACM Research's listing of Class A common stock in the United States or if those existing mainland China laws and regulations, or interpretations thereof, were to change to require such permission or approval, ACM Shanghai could be unable to obtain any such permission or approval or could be able to obtain such permission or approval only on terms and conditions that impose material new operating or other restrictions and limitations on ACM Shanghai. In such circumstances, it would materially and adversely affect the value of our Class A common stock, which may decline in value or become worthless. In addition, ACM Shanghai could face sanctions by the CSRC or other mainland China central government authorities or pressure from the mainland China government in various business matters for failure to obtain such permission or approval. Such potential sanctions or pressure may include fines and penalties on ACM Shanghai's operations in mainland China, limitations on its operating privileges in mainland China, delays in or restrictions on the transfer of proceeds from a public offering of ACM Research securities in the United States to ACM Shanghai, restrictions on or prohibition of the payments or remittance of dividends by ACM Shanghai to ACM Research, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of ACM Research Class A common stock, which could decline in value or become worthless.

Mainland China central government authorities may intervene in, or influence, ACM Shanghai’s mainland China-based operations at any time, and those authorities’ rules and regulations in mainland China can change quickly with little or no advance notice.

The business of ACM Shanghai is subject to complex laws and regulations in mainland China that can change quickly with little or no advance notice. We have not experienced such intervention or influence by mainland China central government authorities or a change in those authorities’ rules and regulations that have had a material impact of ACM Shanghai or ACM Research. We cannot assure you, however, that future changes in mainland China laws and regulations will not materially and adversely affect our mainland China-based operations. For example:

- **Intellectual Property.** Our commercial success depends in part on our ability to obtain and maintain patent and trade secret protection for our intellectual property, including our SAPS, TEBO, Tahoe, ECP, furnace and other technologies and the design of our Ultra C equipment. See “—Risks Related to Our Intellectual Property and Data Security—*Our success depends on our ability to protect our intellectual property, including our SAPS, TEBO, Tahoe, ECP, furnace and other technologies.*” in Item 1A, “Risk Factors” of Part I of this report. The significant majority of our intellectual property has been developed in mainland China and is owned by ACM Shanghai. Implementation and enforcement of intellectual property-related laws in mainland China have historically been lacking due primarily to ambiguities in mainland China intellectual property law. See “—Risks Related to Our Intellectual Property and Data Security—*We may not be able to protect our intellectual property rights throughout the world, including mainland China, which could materially, negatively affect our business*” in Item 1A, “Risk Factors” of Part I of this report. In the event mainland China central government authorities were to significantly revise or revamp the current scope and structure of intellectual property protection in mainland China, our ability to protect and enforce our intellectual property rights for our key proprietary technologies may be adversely impacted and competitors may be able to match our technologies and tools in order to compete with us.
- **Data Security.** The Standing Committee of the National People’s Congress, or the Standing Committee, has promulgated the Cyber Security Law, which imposes requirements on entities who build and operate mainland China’s internet architecture or provide services in mainland China over the internet, and the Data Security Law, which imposes data security and privacy obligations on entities and individuals carrying out data activities. The Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information. ACM Shanghai is not subject to the existing restrictions imposed by the Cyber Security Law or the Data Security Law, in part because its business operations do not involve the collection, processing or use of data or information involving personal privacy or private information of customers. In addition, ACM Shanghai is subject to oversight by the Cyberspace Administration of China, or the CAC, regarding data security. ACM Shanghai does not collect or maintain personal information except for routine personal information necessary to process payroll payments and other benefits and emergency contact information, and as a result, ACM Shanghai is not currently subject to significant restrictions or limitations in addressing and managing data security issues and complying with CAC regulations. To date, ACM Shanghai has not been involved in any investigations on cybersecurity review initiated by the CAC or any related mainland China central government authority and has not received any inquiry, notice, warning, or sanction in such respect. However, cybersecurity is increasingly a focus of the mainland China central government. If the CAC or other mainland China central government authorities should in the future require ACM Shanghai to comply with these or additional, or more restrictive, mainland China cybersecurity regulations, it could require ACM Shanghai to make changes to its operations, and any failure to satisfy or delay in meeting such requirements may subject ACM Shanghai to restrictions and penalties imposed by the CAC or other mainland China regulatory authorities, which may include regulatory actions, fines and penalties on our operations in mainland China, which could materially harm our business, financial condition, results of operations, reputation and prospects.

- Anti-Monopoly. A number of mainland China laws and regulations have established procedures and requirements that could make merger and acquisition activities in China by foreign investors more time consuming and complex. These laws and regulations, which include the Anti-Monopoly Law and the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, impose requirements that in some instances that MOFCOM be notified in advance of, for example, any change-of-control transaction in which a foreign investor takes control of a mainland China domestic enterprise. In addition, such Rules specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by MOFCOM. In February 2021, the Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines for the Internet Platform Economy Sector, which stipulate that any concentration of undertakings involving VIEs is subject to anti-monopoly review. Those Guidelines provide more stringent rules for Internet platform operators, including regulations on the use of data and algorithms, technology and platform to commit abusive acts. The Measures for the Security Review for Foreign Investment, which was promulgated jointly by National Development and Reform Commission and MOFCOM effective January 18, 2021, and the Standing Committee on Amending the Anti-Monopoly Law of the People’s Republic of China, which was promulgated by the Standing Committee effective August 1, 2022, delineated provisions concerning the security review procedures on foreign investment, including the types of investments subject to review and the scopes and procedures of the review. ACM Shanghai does not have the concentration of business operators stipulated in the Anti-Monopoly Law, and our operations and activities to date have not otherwise subjected us to restrictive provisions or limitations set forth in applicable mainland China laws and regulations govern merger and acquisition activities. Among other things, ACM Shanghai’s business operations do not constitute identified “national defense and security” concerns associated with the arms industry, any industry ancillary to the arms industry, or any other field related to national defense security. We cannot assure you, however, that future changes in mainland China laws and regulations governing mergers and acquisitions, including activities in mainland China by foreign investors, will not extend or otherwise modify existing requirements, which could materially and adversely affect our mainland China-based operations or our ability to expand by investments or acquisitions.
- Permits. In the ordinary course of business, ACM Shanghai has obtained all of the permits and licenses it believes are necessary for it to operate in mainland China. ACM Shanghai may be adversely affected, however, by the complexity, uncertainties and changes in mainland China laws and regulations applicable to, or otherwise affecting, the semiconductor equipment industry and related businesses, and any lack of requisite approvals, licenses or permits applicable to ACM Shanghai’s business may have a material adverse effect on its business and results of operations.
- Trade Policies. Since 2018, general trade tensions between the United States and mainland China have escalated. See “—Regulatory Risks—Changes in government trade policies could limit the demand for our tools and increase the cost of our tools” in Item 1A, “Risk Factors” of Part I of this report. The imposition of tariffs by the U.S. and mainland China governments and the surrounding economic uncertainty may negatively impact the semiconductor industry, including by reducing the demand of fabricators for capital equipment such as our tools. Further changes in trade policy, tariffs, additional taxes, restrictions on exports or other trade barriers, or restrictions on supplies, equipment, and raw materials including rare earth minerals, may limit the ability of our customers to manufacture or sell semiconductors or to make the manufacture or sale of semiconductors more expensive and less profitable, which could lead those customers to fabricate fewer semiconductors and to invest less in capital equipment such as our tools. In addition, if mainland China were to impose additional tariffs on raw materials, subsystems or other supplies that we source from the United States, our cost for those supplies would increase. As a result of any of the foregoing events, the imposition of new or additional tariffs may limit our ability to manufacture tools, increase our selling and/or manufacturing costs, decrease margins, or inhibit our ability to sell tools or to purchase necessary equipment and supplies, which could have a material adverse effect on our business, results of operations, or financial condition.

Moreover, by imposing industrial policies and other economic measures, such as control of foreign exchange, taxation and foreign investment, the mainland China central government exerts considerable direct and indirect influence on the development of the mainland China economy. Other political, economic and social factors may also lead to further legal and regulatory changes and reforms, which may adversely affect our operations and business development.

The mainland China central government may determine to exert additional control over offerings conducted overseas or foreign investment in mainland China-based issuers, which could result in a material change in operations of ACM Shanghai and cause significant declines in the value of ACM Research Class A common stock, or make them worthless.

The mainland China central government may determine to exert additional control over securities offerings conducted overseas and/or foreign investment in mainland China-based issuers, which could result in a material adverse change in operations of ACM Shanghai and cause the value of ACM Research Class A common stock to significantly decline or become worthless. See also “—If any mainland China central government authority were to determine that existing mainland China laws or regulations require that ACM Shanghai obtain the authority’s permission or approval to continue the listing of ACM Research’s Class A common stock in the United States or if those existing mainland China laws and regulations, or interpretations thereof, were to change to require such permission or approval, ACM Shanghai may be unable to obtain the required permission or approval or may only be able to obtain such permission or approval on terms and conditions that impose material new restrictions and limitations on operation of ACM Shanghai, either of which could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects and on the trading price of ACM Research Class A common stock, which could decline in value or become worthless” above.

We could be adversely affected if we are unable to comply with legislation and regulations regarding improved access to audit and other information and audit inspections of accounting firms, including registered public accounting firms, such as our prior and current audit firms, operating in mainland China.

The HFCA Act, which became law in December 2020, includes requirements for the SEC to identify issuers whose audit work is performed by auditors that the PCAOB is unable to inspect or investigate completely because of a restriction imposed by a non-U.S. authority in any non-U.S. jurisdiction. Under current regulations, the HFCA Act also requires that, to the extent that the PCAOB has been unable to inspect an issuer’s auditor for two consecutive years, the SEC shall prohibit the issuer’s securities registered in the United States from being traded on any national securities exchange or over-the-counter market in the United States. On March 30, 2022, we were transferred to the SEC’s “Conclusive list of issuers identified under the HFCA Act” (the “Conclusive List”) because the PCAOB determined that it was unable to inspect or investigate completely BDO China Shu Lun Pan Certified Public Accountants (“BDO China”), our independent registered public accounting firm for the fiscal year ended December 31, 2021. The determinations announced by the PCAOB were vacated by the PCAOB on December 15, 2022, and BDO China is no longer our independent registered public accounting firm. Our current independent registered public accounting firm, E&Y, is a PCAOB-registered firm that is headquartered in mainland China; however, we do not believe ACM Research will appear on the Conclusive List for a second consecutive time due to the determinations of the PCAOB being vacated. However, if we were to appear for two consecutive years on the Conclusive List, the value of our securities may significantly decline or become worthless, and our securities would be prohibited from trading and may eventually be delisted. It also remains unclear what further actions the SEC, the PCAOB or Nasdaq may take to address these issues and what impact those actions will have on U.S. companies, such as ours, that have significant operations in mainland China and have securities listed on a U.S. stock exchange. Any such actions could materially affect our operations and stock price, including by resulting in our being de-listed from Nasdaq or being required to engage a new audit firm, which would require significant expense and management time.

It may be difficult for overseas regulators to conduct investigations or collect evidence within mainland China.

Stockholder claims or regulatory investigations that are common in the United States generally are difficult to pursue as a matter of law or practicality in mainland China. For example, in mainland China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside of mainland China. Although the authorities in mainland China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation

mechanism. Furthermore, according to Article 177 of the mainland China Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of mainland China. While detailed interpretation of or implementing rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within mainland China may further increase difficulties faced by you in protecting your interests.

Because substantially all of our assets are located outside of the United States and certain of our officers reside outside of the United States, it may be difficult for you to enforce your rights based on the U.S. federal securities laws against such assets or officers or to enforce a judgment of a United States court against assets or officers in mainland China.

While ACM Research is a Delaware corporation, certain of our officers are nonresidents of the United States, and certain of our assets are located in mainland China, and the operations of ACM Shanghai are conducted in mainland China. It may, therefore, not be possible to effect service of process on such persons in the United States, and it may be difficult to enforce any judgments rendered against them or any of our assets that are located overseas. Moreover, there is doubt whether courts in mainland China would enforce (a) judgments of United States courts against ACM Shanghai, our officers based on the civil liability provisions of the securities laws of the United States or any state, or (b) in original actions brought in mainland China, liabilities against us or any nonresidents based upon the securities laws of the United States or any state.

We conduct substantially all of our operations outside the United States and face risks associated with conducting business in foreign markets.

Substantially all of our sales in 2024, 2023, and 2022 were made to customers outside the United States. Our manufacturing center has been located in Shanghai since 2006 and substantially all of our operations are located in mainland China. We expect that all of our significant activities will remain outside the United States in the future. We are subject to a number of risks associated with our international business activities, including:

- the need to comply with the import laws and regulations of various foreign jurisdictions, including a range of U.S. import laws;
- potentially adverse tax consequences, including withholding tax rules that may limit the repatriation of our earnings, and higher effective income tax rates in foreign countries where we conduct business;
- competition from local suppliers with which potential customers may prefer to do business;
- seasonal reduction in business activity, such as during the Lunar New Year in parts of Asia and in other periods in various individual countries;
- increased exposure to foreign currency exchange rates;
- reduced protection for intellectual property;
- longer sales cycles and reliance on indirect sales in certain regions;
- increased length of time for shipping and acceptance of our products;
- greater difficulty in responding to customer requests for maintenance and spare parts on a timely basis;
- greater difficulty in enforcing contracts and accounts receivable collection and longer collection periods;
- difficulties in staffing and managing foreign operations and the increased travel, infrastructure and legal and compliance costs associated with multiple international locations;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, our consolidated financial statements; and
- general economic conditions, geopolitical events or natural disasters in countries where we conduct our operations or where our customers are located, including political unrest, war, acts of terrorism or responses to such events.

In particular, the Asian market is extremely competitive, and chip manufacturers may be aggressive in seeking price concessions from suppliers, including chip equipment manufacturers.

We may not be successful in developing and implementing policies and strategies that will be effective in managing these risks in each country in which we do business. Our failure to manage these risks successfully could adversely affect our business, operating results and financial condition.

Fluctuation in foreign currency exchange rates may adversely affect our results of operations and financial position.

Our results of operations and financial position could be adversely affected as a result of fluctuations in foreign currency exchange rates. Although our financial statements are denominated in U.S. dollars, a sizable portion of our costs are denominated in other currencies, principally the Chinese Renminbi and, to a lesser extent, the Korean Won. Because many of our raw material purchases are denominated in Renminbi while the majority of the purchase orders we receive are denominated in U.S. dollars, exchange rates have a significant effect on our gross margin. We have not engaged in any foreign currency exchange hedging transactions to date, and any strategies that we may use in the future to reduce the adverse impact of fluctuations in foreign currency exchange rates may not be successful. Our foreign currency exposure with respect to assets and liabilities for which we do not have hedging arrangements could have a material impact on our results of operations in periods when the U.S. dollar significantly fluctuates in relation to unhedged non-U.S. currencies in which we transact business.

The exacerbation or further continuation of currently challenging global systemic economic and financial conditions could adversely affect our business, results of operations and financial condition.

Any prolonged slowdown in mainland China, United States or global economy may have a negative impact on our business, results of operations and financial condition. Financial and other markets in the United States and worldwide have experienced significant volatility reflecting uncertainty over, among other things, (a) the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and mainland China, (b) unrest in Ukraine, the Middle East and Africa, and (c) the rising level of inflation in major industrial countries, including the United States, and worries that efforts to curb inflation may result in an economic recession. General inflation, including rising energy prices, interest rates and wages, could adversely impact our business by increasing our operating and borrowing costs as well as limiting the amount of capital available for customers to purchase our products. This economic turmoil has had, and could continue to have, a number of repercussions on our business, including significant decreases in orders from our customers, business slowdowns or cessations at key suppliers resulting in delays in our product deliveries, increased raw material prices leading to increased production costs that we may not be able to pass onto customers, and business challenges at customers resulting in the inability to obtain credit to finance purchases of our products or even insolvency, and counterparty failures negatively impacting our operations and sales. Any systemic economic or financial crisis could cause revenues for the semiconductor industry as a whole to decline dramatically, which could materially and adversely affect our results of operations.

Risks Related to Our Business and Our Industry

We may require additional capital in the future and we cannot give any assurance that such capital will be available at all or available on terms acceptable to us and, if it is available, additional capital raised by us may dilute holders of Class A common stock.

We may need to raise funds in the future, depending on many factors, including:

- our sales growth;
- the costs of applying our existing technologies to new or enhanced products;
- the costs of developing new technologies and introducing new products;
- the costs associated with protecting our intellectual property;
- the costs associated with our expansion, including capital expenditures and Lingang-related land purchases and deposits, and with increasing our sales and marketing and service and support efforts, and with expanding our geographic operations;
- our ability to continue to obtain governmental subsidies for developmental projects in the future;

- future debt repayment obligations; and
- the number and timing of any future acquisitions.

To the extent that our existing sources of cash, together with any cash generated from operations, are insufficient to fund our activities, we may need to raise additional funds through public or private financings, strategic relationships, or other arrangements. Additional funding may not be available to us on acceptable terms or at all. If adequate funding is not available, we may be required to reduce expenditures, including curtailing our growth strategies and reducing our product development efforts, or to forego acquisition opportunities.

Proceeds received by ACM Shanghai from the initial placements of shares with mainland China investors, from the STAR IPO in connection with the STAR Listing of ACM Shanghai shares on the STAR Market, and from future financing activities undertaken by ACM Shanghai (including follow-on offerings or private placements of shares with mainland China investors), will generally be used to grow and support our mainland China operations. Those proceeds generally are not available for distribution to ACM Research. Under existing mainland China laws and regulations, it may be difficult, if not impossible, for ACM Research to be able to receive dividends comprised of funds generated by ACM Shanghai and, even if such dividends can be paid from mainland China to the United States, any such dividends can be paid to ACM Research only if other holders of ACM Shanghai shares receive their pro rata dividends. As a result, it is unlikely that funds raised or generated by ACM Shanghai will be readily distributable to ACM Research.

If we succeed in raising additional funds through the issuance of equity or convertible securities, then the issuance could result in substantial dilution to existing stockholders. Furthermore, the holders of these new securities or debt may have rights, preferences and privileges senior to those of the holders of Class A common stock. In addition, any preferred equity issuance or debt financing that we may obtain in the future could have restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Our quarterly operating results can be difficult to predict and can fluctuate substantially, which could result in volatility in the price of Class A common stock.

Our quarterly revenue and other operating results have varied in the past and are likely to continue to vary significantly from quarter to quarter. Accordingly, you should not rely upon our past quarterly financial results as indicators of future performance. Any variations in our quarter-to-quarter performance may cause our stock price to fluctuate. Our financial results in any given quarter can be influenced by a variety of factors, including:

- the cyclical nature of the semiconductor industry and the related impact on the purchase of equipment used in the manufacture of chips;
- the timing of purchases of our tools by chip fabricators, which order types of tools based on multi-year capital plans under which the number and dollar amount of tool purchases can vary significantly from year to year;
- the relatively high average selling price of our tools and our dependence on a limited number of customers for a substantial portion of our revenue in any period, whereby the timing and volume of purchase orders or cancellations from our customers could significantly reduce our revenue for that period;
- the significant expenditures required to customize our products often exceed the deposits received from our customers;
- the lead time required to manufacture our tools;
- the timing of recognizing revenue due to the timing of shipment and acceptance of our tools;
- our ability to sell additional tools to existing customers;
- the changes in customer specifications or requirements;
- the length of our product sales cycle;
- changes in our product mix, including the mix of systems, upgrades, spare parts and service;
- the timing of our product releases or upgrades or announcements of product releases or upgrades by us or our competitors, including changes in customer orders in anticipation of new products or product enhancements;

- our ability to enhance our tools with new and better functionality that meet customer requirements and changing industry trends;
- constraints on our suppliers' capacity;
- our ability to sell our tools to Chinese customers due to regulatory restrictions, including the addition of our customers to the Entity List;
- the ability of other suppliers to provide sufficient quantities of their tools to our Chinese customers which may indirectly impact the production plans of our customers and result in a reduction of demand for our tools;
- the timing of investments in research and development related to releasing new applications of our technologies and new products;
- delays in the development and manufacture of our new products and upgraded versions of our products and the market acceptance of these products when introduced;
- our ability to control costs, including operating expenses and the costs of the components and subassemblies used in our products;
- the costs related to the acquisition and integration of product lines, technologies or businesses; and
- the costs associated with protecting our intellectual property, including defending our intellectual property against third-party claims or litigation.

Seasonality has played an increasingly important role in the market for chip manufacturing tools. The period of November through February has been a particularly weak period historically for manufacturers of chip tools, in part because capital equipment needed to support manufacturing of chips for the December holidays usually needs to be in the supply chain by no later than October and chip makers in Asia often wait until after Chinese, or Lunar, New Year, which occurs in January or February, before implementing their capital acquisition plans. The timing of new product releases also has an impact on seasonality, with the acquisition of manufacturing equipment occurring six to nine months before a new release.

Many of these factors are beyond our control, and the occurrence of one or more of them could cause our operating results to vary widely. As a result, it is difficult for us to forecast our quarterly revenue accurately. Our results of operations for any quarter may not be indicative of results for future quarters and quarter-to-quarter comparisons of our operating results are not necessarily meaningful. Variability in our periodic operating results could lead to volatility in our stock price. Because a substantial proportion of our expenses are relatively fixed in the short term, our results of operations will suffer if revenue falls below our expectations in a particular quarter, which could cause the price of Class A common stock to decline. Moreover, as a result of any of the foregoing factors, our operating results might not meet our announced guidance or expectations of public market analysts or investors, in which case the price of Class A common stock could decrease significantly.

Cyclicality in the semiconductor industry is likely to lead to substantial variations in demand for our products, and as a result our operating results could be adversely affected.

The chip industry has historically been cyclic and is characterized by wide fluctuations in product supply and demand. From time to time, this industry has experienced significant downturns, often in connection with, or in anticipation of, maturing product and technology cycles, excess inventories and declines in general economic conditions. This cyclicality could cause our operating results to decline dramatically from one period to the next.

Our business depends upon the capital spending of chip manufacturers, which, in turn, depends upon the current and anticipated market demand for chips. During industry downturns, chip manufacturers often have excess manufacturing capacity and may experience reductions in profitability due to lower sales and increased pricing pressure for their products. As a result, chip manufacturers generally sharply curtail their spending during industry downturns and historically have lowered their spending more than the decline in their revenues. If we are unable to control our expenses adequately in response to lower revenue from our customers, our operating results will suffer and we could experience operating losses. We cannot reasonably estimate the duration or impact of such a downturn, and it could have a material adverse effect on our business and the value of our Class A common stock.

Conversely, during industry upturns we must successfully increase production output to meet expected customer demand. This may require us or our suppliers, including third-party contractors, to order additional inventory, hire additional employees and expand manufacturing capacity. If we are unable to respond to a rapid increase in demand for our tools on a timely basis, or if we misjudge the timing, duration or magnitude of such an increase in demand, we may lose business to our competitors or incur increased costs disproportionate to any gains in revenue, which could have a material adverse effect on our business, results of operations, financial condition or cash flows.

The mainland China government is implementing focused policies, including state-led investment initiatives, that aim to create and support an independent domestic semiconductor supply chain spanning from design to final system production. If these policies, which include loans and subsidies, result in lower demand for equipment than is expected by equipment manufacturers, the resulting overcapacity in the chip manufacturing equipment market could lead to excess inventory and price discounting that could have a material adverse effect on our business and operating results.

We depend on a small number of customers for a substantial portion of our revenue, and the loss of, or a significant reduction in orders from, one or more of our major customers could have a material adverse effect on our revenue and operating results. There are also a limited number of potential customers for our products.

The chip manufacturing industry is highly concentrated, and we derive most of our revenue from a limited number of customers. A total of four customers accounted for 52.2% of our revenue in 2024, three customers accounted for 45.5% of our revenue in 2023, and three customers accounted for 43.8% of our revenue in 2022.

As a consequence of the concentrated nature of our customer base, our revenue and results of operations may fluctuate from quarter to quarter and are difficult to estimate, and any cancellation of orders or any acceleration or delay in anticipated product purchases or the acceptance of shipped products by our larger customers could materially affect our revenue and results of operations in any quarterly period.

We may be unable to sustain or increase our revenue from our larger customers or offset the discontinuation of concentrated purchases by our larger customers with purchases by new or existing customers. We expect a small number of customers will continue to account for a high percentage of our revenue for the foreseeable future and that our results of operations may fluctuate materially as a result of such larger customers' buying patterns. Thus, our business success depends on our ability to maintain strong relationships with our customers. The loss of any of our key customers for any reason, or a change in our relationship with any of our key customers, including a significant delay or reduction in their purchases, may cause a significant decrease in our revenue, which we may not be able to recapture due to the limited number of potential customers.

We have seen, and may see in the future, consolidation of our customer base. Industry consolidation generally has negative implications for equipment suppliers, including a reduction in the number of potential customers, a decrease in aggregate capital spending and greater pricing leverage on the part of consumers over equipment suppliers. Continued consolidation of the chip industry could make it more difficult for us to grow our customer base, increase sales of our products and maintain adequate gross margins.

Our success will depend on industry chip manufacturers adopting our SAPS, TEBO, Tahoe, ECP, furnace and other technologies.

To date our strategy for commercializing our tools has been to place them with selected industry leaders in the manufacturing of memory and logic chips, the two largest chip categories, to enable those leading manufacturers to evaluate our technologies, and then leverage our reputation to gain broader market acceptance. In order for these industry leaders to adopt our tools, we need to establish our credibility by demonstrating the differentiated, innovative nature of our SAPS, TEBO, Tahoe, ECP, furnace and other technologies. If these leading manufacturers do not agree that our technologies add significant value over conventional technologies or do not otherwise accept and use our tools, we may need to spend a significant amount of time and resources to enhance our technologies or develop new technologies. Even if these leading manufacturers adopt our technologies, other manufacturers may not choose to accept and adopt our tools and our products may not achieve

widespread adoption. Any of the above factors would have a material adverse effect on our business, results of operations and financial condition.

If our SAPS, TEBO, Tahoe, ECP, furnace and other technologies do not achieve widespread market acceptance, we will not be able to compete effectively.

The commercial success of our tools will depend, in part, on gaining substantial market acceptance by chip manufacturers. Our ability to gain acceptance for our products will depend upon a number of factors, including:

- our ability to demonstrate the differentiated, innovative nature of our SAPS, TEBO, Tahoe, ECP, furnace and other technologies and the advantages of our tools over those of our competitors;
- compatibility of our tools with existing or potential customers' manufacturing processes and products;
- the level of customer service available to support our products; and
- the experiences our customers have with our products.

In addition, obtaining orders from new customers may be difficult because many chip manufacturers have pre-existing relationships with our competitors. Chip manufacturers must make a substantial investment to qualify and integrate wet processing equipment into a chip production line. Due, in part, to the cost of manufacturing equipment and the investment necessary to integrate a particular manufacturing process, a chip manufacturer that has selected a particular supplier's equipment and qualified that equipment for production typically continues to use that equipment for the specific production application and process node, which is the minimum line width on a chip, as long as that equipment continues to meet performance specifications. Some of our potential and existing customers may prefer larger, more established vendors from which they can purchase equipment for a wider variety of process steps than our tools address. Further, because the cleaning process with our TEBO equipment can be up to five times longer than cleaning processes based on other technologies, we must convince chip manufacturers of the innovative, differentiated nature of our technologies and the benefits associated with using our tools. If we are unable to obtain new customers and continue to achieve widespread market acceptance of our tools, then our business, operations, financial results and growth prospects will be materially and adversely affected.

If we do not continue to enhance our existing tools and achieve market acceptance, we will not be able to compete effectively.

We operate in an industry that is subject to evolving standards, rapid technological changes and changes in customer demands. Additionally, if process nodes continue to shrink to ever-smaller dimensions and conventional two-dimensional chips reach their critical performance limitations, the technology associated with manufacturing chips may advance to a point where our Ultra C equipment based on SAPS, TEBO, Tahoe, ECP, furnace and other technologies becomes obsolete. Accordingly, the future of our business will depend in large part upon the continuing relevance of our technological capabilities, our ability to interpret customer and market requirements in advance of tool deliveries, and our ability to introduce in a timely manner new tools that address chip makers' requirements for cost-effective cleaning solutions. We expect to spend a significant amount of time and resources developing new tools and enhancing existing tools. Our ability to introduce and market successfully any new or enhanced cleaning equipment is subject to a wide variety of challenges during the tool's development, including the following:

- accurate anticipation of market requirements, changes in technology and evolving standards;
- the availability of qualified product designers and technologies needed to solve difficult design challenges in a cost-effective, reliable manner;
- our ability to design products that meet chip manufacturers' cost, size, acceptance and specification criteria, and performance requirements;
- the ability and availability of suppliers and third-party manufacturers to manufacture and deliver the critical components and subassemblies of our tools in a timely manner;
- market acceptance of our customers' products, and the lifecycle of those products; and
- our ability to deliver products in a timely manner within our customers' product planning and deployment cycle.

Certain enhancements to our products in future periods may reduce demand for our pre-existing tools. As we introduce new or enhanced cleaning tools, we must manage the transition from older tools in order to minimize disruptions in customers' ordering patterns, avoid excessive levels of older tool inventories and ensure timely delivery of sufficient supplies of new tools to meet customer demand. Furthermore, product introductions could delay purchases by customers awaiting arrival of our new products, which could cause us to fail to meet our expected level of production orders for pre-existing tools.

Our success will depend on our ability to identify and enter new product markets.

We expect to spend a significant amount of time and resources identifying new product markets in addition to the market for cleaning solutions and in developing new products for entry into these markets. Product development requires significant investments in engineering hours, third-party development costs, prototypes and sample materials, as well as sales and marketing expenses, which will not be recouped if the product launch is unsuccessful. We may fail to predict the needs of other markets accurately or develop new, innovative technologies to address those needs. Further, we may not be able to design and introduce new products in a timely or cost-efficient manner, and our new products may be more costly to develop, may fail to meet the requirements of the market, or may be adopted slower than we expect. If we are not able to introduce new products successfully, our inability to gain market share in new product markets could adversely affect our ability to sustain our revenue growth or maintain our current revenue levels.

If we fail to establish and maintain a reputation for credibility and product quality, our ability to expand our customer base will be impaired and our operating results may suffer.

We must develop and maintain a market reputation for innovative, differentiated technologies and high quality, reliable products in order to attract new customers and achieve widespread market acceptance of our products. Our market reputation is critical because we compete against several larger, more established competitors, many of which supply equipment for a larger number of process steps than we do to a broader customer base in an industry with a limited number of customers. In these circumstances, traditional marketing and branding efforts are of limited value, and our success depends on our ability to provide customers with reliable and technically sophisticated products. If the limited customer base does not perceive our products and services to be of high quality and effectiveness, our reputation could be harmed, which could adversely impact our ability to achieve our targeted growth.

We operate in a highly competitive industry and many of our competitors are larger, better-established, and have significantly greater operating and financial resources than we have.

The chip equipment industry is highly competitive, and we face substantial competition throughout the world in each of the markets we serve. Many of our current and potential competitors have, among other things:

- greater financial, technical, sales and marketing, manufacturing, distribution and other resources;
- established credibility and market reputations;
- longer operating histories;
- broader product offerings;
- more extensive service offerings, including the ability to have large inventories of spare parts available near, or even at, customer locations;
- local sales forces; and
- more extensive geographic coverage.

These competitors may also have the ability to offer their products at lower prices by subsidizing their losses in wet cleaning with profits from other lines of business in order to retain current or obtain new customers. Among other things, some competitors have the ability to offer bundled discounts for customers purchasing multiple products. Many of our competitors have more extensive customer and partner relationships than we do and may therefore be in a better position to identify and respond to market developments and changes in customer demands. Potential customers may prefer to purchase from their existing suppliers rather than a new supplier, regardless of product performance or features. If we are not able to compete

successfully against existing or new competitors, our business, operating results and financial condition will be negatively affected.

Our customers do not generally enter into long-term purchase commitments, and they may decrease, cancel or delay their projected purchases at any time.

In accordance with industry practice, our sales are on a purchase order basis, which we seek to obtain three to four months in advance of the expected product delivery date. Until a purchase order is received, we do not have a binding purchase commitment. Our customers to date have provided us with non-binding one- to two-year forecasts of their anticipated demands, but those forecasts can be changed at any time, without any required notice to us. Because the lead-time needed to produce a tool customized to a customer's specifications can extend up to six months, we may need to begin production of tools based on non-binding forecasts, rather than waiting to receive a binding purchase order. No assurance can be made that a customer's forecast will result in a firm purchase order within the time period we expect, or at all.

If we do not accurately predict the amount and timing of a customer's future purchases, we risk expending time and resources on producing a customized tool that is not purchased by a particular customer, which may result in excess or unwanted inventory, or we may be unable to fulfill an order on the schedule required by a purchase order, which would result in foregone sales. Customers may place purchase orders that exceed forecasted amounts, which could result in delays in our delivery time and harm our reputation. In the future a customer may decide not to purchase our tools at all, may purchase fewer tools than it did in the past or may otherwise alter its purchasing patterns, and the impact of any such actions may be intensified given our dependence on a small number of large customers. Our customers make major purchases periodically as they add capacity or otherwise implement technology upgrades. If any significant customers cancel, delay or reduce orders, our operating results could suffer.

We may incur significant expenses long before we can recognize revenue from new products, if at all, due to the costs and length of research, development, manufacturing and customer evaluation process cycles.

We often incur significant research and development costs for products that are purchased by our customers only after much, or all, of the cost has been incurred or that may never be purchased. We allow some new customers, or existing customers considering new products, to evaluate products without any payment becoming due unless the product is ultimately accepted, which means we may invest a significant amount in manufacturing a tool that may never be accepted and purchased or may be purchased months or even years after production. In the past we have borrowed money in order to fund first-time purchase order equipment and next-generation evaluation equipment. When we deliver evaluation equipment, or a "first tool," we may not recognize revenue or receive payment for the tool for 24 months or longer. Even returning customers may take as long as six months to make any payments. If our sales efforts are unsuccessful after expending significant resources, or if we experience delays in completing sales, our future cash flow, revenue and profitability may fluctuate or be materially adversely affected.

Our sales cycle is long and unpredictable, which results in variability of our financial performance and may require us to incur high sales and marketing expenses with no assurance that a sale will result, all of which could adversely affect our profitability.

Our results of operations may fluctuate, in part, because of the resource-intensive nature of our sales efforts and the length and variability of our sales cycle. A sales cycle is the period between initial contact with a prospective customer and any sale of our tools. Our sales process involves educating customers about our tools, participating in extended tool evaluations and configuring our tools to customer-specific needs, after which customers may evaluate the tools. The length of our sales cycle, from initial contact with a customer to the execution of a purchase order, is generally 6 to 24 months. During the sales cycle, we expend significant time and money on sales and marketing activities and make investments in evaluation equipment, all of which lower our operating margins, particularly if no sale occurs or if the sale is delayed as a result of extended qualification processes or delays from our customers' customers.

The duration or ultimate success of our sales cycle depends on factors such as:

- efforts by our sales force;
- the complexity of our customers' manufacturing processes and the compatibility of our tools with those processes;
- our customers' internal technical capabilities and sophistication; and
- our customers' capital spending plans and processes, including budgetary constraints, internal approvals, extended negotiations or administrative delays.

It is difficult to predict exactly when, or even if, we will make a sale to a potential customer or if we can increase sales to our existing customers. As a result, we may not recognize revenue from our sales efforts for extended periods of time, or at all. The loss or delay of one or more large transactions in a quarter could impact our results of operations for that quarter and any future quarters for which revenue from that transaction is lost or delayed. In addition, we believe that the length of the sales cycle and intensity of the evaluation process may increase for those current and potential customers that centralize their purchasing decisions.

Difficulties in forecasting demand for our tools may lead to periodic inventory shortages or excess spending on inventory items that may not be used.

We need to manage our inventory of components and production of tools effectively to meet changing customer requirements. Accurately forecasting customers' needs is difficult. Our tool demand forecasts are based on multiple assumptions, including non-binding forecasts received from our customers years in advance, each of which may introduce error into our estimates. Inventory levels for components necessary to build our tools in excess of customer demand may result in inventory write-downs and could have an adverse effect on our operating results and financial condition. Conversely, if we underestimate demand for our tools or if our manufacturing partners fail to supply components we require at the time we need them, we may experience inventory shortages. Such shortages might delay production or shipments to customers and may cause us to lose sales. These shortages may also harm our credibility, diminish the loyalty of our channel partners or customers.

A failure to prevent inventory shortages or accurately predict customers' needs could result in decreased revenue and gross margins and harm our business.

Some of our products and supplies may become obsolete or be deemed excess while in inventory due to rapidly changing customer specifications, changes in product structure, components or bills of material as a result of engineering changes, or a decrease in customer demand. We also have exposure to contractual liabilities to our contract manufacturers for inventories purchased by them on our behalf, based on our forecasted requirements, which may become excess or obsolete. Our inventory balances also represent an investment of cash. To the extent our inventory turns are slower than we anticipate based on historical practice, our cash conversion cycle extends and more of our cash remains invested in working capital. If we are not able to manage our inventory effectively, we may need to write down the value of some of our existing inventory or write off non-saleable or obsolete inventory. Any such charges we incur in future periods could materially and adversely affect our results of operations.

The difficulty in forecasting demand also makes it difficult to estimate our future results of operations and financial condition from period to period. A failure to accurately predict the level of demand for our products could adversely affect our net revenue and net income, and we are unlikely to forecast such effects with any certainty in advance.

If our tools contain defects or do not meet customer specifications, we could lose customers and revenue.

Highly complex tools such as ours may develop defects during the manufacturing and assembly process. We may also experience difficulties in customizing our tools to meet customer specifications or detecting defects during the development and manufacturing of our tools. Some of these failures may not be discovered until we have expended significant resources in customizing our tools, or until our tools have been installed in our customers' production facilities. These quality problems could harm our reputation as well as our customer relationships in the following ways:

- our customers may delay or reject acceptance of our tools that contain defects or fail to meet their specifications;

- we may suffer customer dissatisfaction, negative publicity and reputational damage, resulting in reduced orders or otherwise damaging our ability to retain existing customers and attract new customers;
- we may incur substantial costs as a result of warranty claims or service obligations or in order to enhance the reliability of our tools;
- the attention of our technical and management resources may be diverted;
- we may be required to replace defective systems or invest significant capital to resolve these problems; and
- we may be required to write off inventory and other assets related to our tools.

In addition, defects in our tools or our inability to meet the needs of our customers could cause damage to our customers' products or manufacturing facilities, which could result in claims for product liability, tort or breach of warranty, including claims from our customers. The cost of defending such a lawsuit, regardless of its merit, could be substantial and could divert management's attention from our ongoing operations. In addition, if our business liability insurance coverage proves inadequate with respect to a claim or future coverage is unavailable on acceptable terms or at all, we may be liable for payment of substantial damages. Any or all of these potential consequences could have an adverse impact on our operating results and financial condition.

Warranty claims in excess of our estimates could adversely affect our business.

We have provided warranties against manufacturing defects of our tools that range from 12 to 36 months in duration. Our product warranty requires us to provide labor and parts necessary to repair defects. As of December 31, 2024, we had accrued \$12.7 million in liability contingency for potential warranty claims. Warranty claims substantially in excess of our expectations, or significant unexpected costs associated with warranty claims, could harm our reputation and could cause customers to decline to place new or additional orders, which could have a material adverse effect on our business, results of operations and financial condition.

We rely on third parties to manufacture significant portions of our tools and our failure to manage our relationships with these parties could harm our relationships with our customers, increase our costs, decrease our sales and limit our growth.

Our tools are complex and require components and subassemblies having a high degree of reliability, accuracy and performance. We rely on third parties to manufacture most of the subassemblies and supply most of the components used in our tools. Accordingly, we cannot directly control our delivery schedules and quality assurance. This reliance on third parties and lack of control could result in shortages or quality assurance problems. See also "—Our supply chain may be materially adversely impacted due to global events, including public health issues, transportation delays, and the armed conflict in Ukraine." These issues and our ability to manage increased demand could delay shipments of our tools, increase our testing or production costs or lead to costly failure claims.

We do not have long-term supply contracts with some of our suppliers, and those suppliers are not obligated to perform services or supply products to us for any specific period, in any specific quantities or at any specific price, except as may be provided in a particular purchase order. In addition, we attempt to maintain relatively low inventories and acquire subassemblies and components only as needed. There are significant risks associated with our reliance on these third-party suppliers, including:

- potential price increases;
- capacity shortages or other inability to meet any increase in demand for our products;
- reduced control over manufacturing process for components and subassemblies and delivery schedules;
- limited ability of some suppliers to manufacture and sell subassemblies or parts in the volumes we require and at acceptable quality levels and prices, due to the suppliers' relatively small operations and limited manufacturing resources;
- increased exposure to potential misappropriation of our intellectual property; and
- limited warranties on subassemblies and components supplied to us.

Any delays in the shipment of our products due to our reliance on third-party suppliers could harm our relationships with our customers. In addition, any increase in costs due to our suppliers increasing the price they charge us for subassemblies and

components or arising from our need to replace our current suppliers that we are unable to pass on to our customers could negatively affect our operating results.

Our supply chain may be materially adversely impacted due to global events, including any new COVID-19 outbreaks or other public health issues, transportation delays, and the armed conflict in Ukraine.

We rely upon the facilities of our global suppliers with operations in mainland China, Japan, Taiwan and the United States to support our business. We source the substantial majority of our components from Asia, and as a result, our supply chain can be adversely affected by a variety of global events, including transportation delays, including those related to the June 2022 truck driver strike in Korea resulting from escalated fuel prices, and the armed conflict in Ukraine. Further, our subsidiaries ACM Shanghai and ACM Korea were recently added to the BIS Entity List, which prohibit any party worldwide from furnishing hardware, software, or technology that are subject to U.S. export controls jurisdiction to ACM Shanghai or ACM Korea and could adversely impact our supply chain. See “—Regulatory Risks—Our operations in mainland China and Korea, including the import of components, technology, and activities of U.S. personnel therein, may be further impacted by the addition of ACM Shanghai, ACM Korea and related entities to the BIS Entity List.”

As a result of these types of global events and resulting governmental regulations and business reactions, our suppliers may not have the materials, capacity, or capability to supply our components according to our schedule and specifications. Further, there may be logistics issues, including our ability and our supply chain’s ability to quickly ramp up production, labor issues and transportation demands that may cause further delays. Supply chain constraints have intensified, which may further intensify due to other global events and government regulations, contributing to existing global shortages coupled with increased demand in the supply of semiconductors. The unavailability of any component or supplier could result in production delays, underutilized facilities, and loss of access to critical raw materials and parts for producing and supporting our tools, and could impact our ongoing capacity expansion and our ability to fulfill our product delivery obligations. If our suppliers’ operations are curtailed, we may need to seek alternate sources of supply, which may be more expensive and may not be available to us at all due to government regulations. Alternate sources may not be available or may result in delays in shipments to us from our supply chain and subsequently to our customers, each of which would affect our results of operations. These types of disruptions and governmental restrictions may also result in the inability of our customers to obtain materials necessary for their full production, which could also result in reduced demand for our products. While certain disruptions and governmental restrictions, as well as related general limitations on movement around the world, may be temporary, the duration of the production and supply chain disruption, and related financial impact, cannot be estimated at this time. Should these distributions and restrictions continue for an extended period of time, the impact on our supply chain could have a material adverse effect on our results of operations and cash flows. Business disruptions could also negatively affect the sources and availability of components and materials that are essential to the operation of our business. Moreover, our customers source a range of production equipment, supplies and services from other suppliers with operations around the world, and any reduction in supply capacity at those customers’ factories may reduce or even halt those customers’ production and result in a decrease in the demand for our products.

Any shortage of components or subassemblies could result in delayed delivery of products to us or in increased costs to us, which could harm our business.

The ability of our manufacturers to supply our tools is dependent, in part, upon the availability of certain components and subassemblies. Our manufacturers may experience shortages in the availability of such components or subassemblies, which could result in delayed delivery of products to us or in increased costs to us. Any shortage of components or subassemblies or any inability to control costs associated with manufacturing could increase the costs for our products or impair our ability to ship orders in a timely cost-efficient manner. As a result, we could experience cancellation of orders, refusal to accept deliveries or a reduction in our prices and margins, any of which could harm our financial performance and results of operations.

We depend on a limited number of suppliers, including single source suppliers, for critical components and subassemblies, and our business could be disrupted if they are unable to meet our needs.

We depend on a limited number of suppliers for components and subassemblies used in our tools. Certain components and subassemblies of our tools have only been purchased from our current suppliers to date and changing the source of those components and subassemblies may result in disruptions during the transition process and entail significant delay and expense. We rely on: Product Systems, Inc., or ProSys, as the sole supplier of megasonic transducers, a key subassembly used in our semiconductor capital equipment; Ninebell Co., Ltd., or Ninebell, as the principal supplier of robotic delivery system subassemblies used in our semiconductor capital equipment; Advanced Electric Co. Inc., as a key supplier of valves used in our semiconductor capital equipment; and certain companies from other countries which supply components and subsystems used in our semiconductor capital equipment. An adverse change to our relationship with any of these suppliers, including a delay or the inability to export the components to mainland China, could disrupt our production of our semiconductor capital equipment and could cause substantial harm to our business.

With some of these suppliers, we do not have long-term agreements and instead purchase components and subassemblies through a purchase order process. As a result, these suppliers may stop supplying us components and subassemblies, limit the allocation of supply and equipment to us due to increased industry demand or significantly increase their prices at any time with little or no advance notice. Our reliance on a limited number of suppliers could also result in delivery problems, reduced control over product pricing and quality, and our inability to identify and qualify another supplier in a timely manner.

Moreover, some of our suppliers may experience financial difficulties that could prevent them from supplying us with components or subassemblies used in the design and manufacture of our products. In addition, our suppliers, including our sole supplier ProSys, may experience manufacturing delays or shutdowns due to circumstances beyond their control, such as labor issues, political unrest or natural disasters. Any supply deficiencies could materially and adversely affect our ability to fulfill customer orders and our results of operations. We have in the past and may in the future, experience delays or reductions in supply shipments, which could reduce our revenue and profitability. If key components or materials are unavailable, our costs would increase and our revenue would decline.

The success of our business will depend on our ability to manage any future growth.

We have experienced rapid growth in our business recently due, in part, to an expansion of our product offerings and an increase in the number of customers that we serve. For example, our headcount grew by 27% in 2024, 32% in 2023, and 38% in 2022. We will seek to continue to expand our operations in the future, including by adding new offices, locations and employees. Managing our growth has placed and could continue to place a significant strain on our management, other personnel and our infrastructure. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, develop new products, enhance our technological capabilities, satisfy customer requirements, respond to competitive pressures or otherwise execute our business plan. In addition, any inability to manage our growth effectively could result in operating inefficiencies that could impair our competitive position and increase our costs disproportionately to the amount of growth we achieve. To manage our growth, we believe we must effectively:

- hire, train, integrate and manage additional qualified engineers for research and development activities, sales and marketing personnel, service and support personnel and financial and information technology personnel;
- manage multiple relationships with our customers, suppliers and other third parties; and
- continue to enhance our information technology infrastructure, systems and controls.

Our organizational structure has become more complex, including as a result of the STAR Listing and the STAR IPO. We will need to continue to scale and adapt our operational, financial and management controls, as well as our reporting systems and procedures, at both ACM Research and ACM Shanghai. The continued expansion of our infrastructure will require us to commit substantial financial, operational and management resources before our revenue increases and without any assurances that our revenue will increase.

We are highly dependent on our Chief Executive Officer and President and other senior management and key employees.

Our success largely depends on the skills, experience and continued efforts of our management, technical and sales personnel, including in particular Dr. David H. Wang, the Chair of the Board, Chief Executive Officer and President of ACM Research. All of our senior management are at-will employees, which means either we or the employee may terminate their employment at any time. If one or more of our other senior management personnel were unable or unwilling to continue their employment with us, we may not be able to replace them in a timely manner. Moreover, in connection with the STAR Listing and the STAR IPO, ACM Shanghai is now managed by a group of officers separate from those of ACM Research and those officers owe fiduciary duties to the various stakeholders of ACM Shanghai. We do not have employment or retention agreements with, or maintain key person life insurance policies on, any of our employees. Our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected. In addition, our senior management may join a competitor or form a competing company. The loss of Dr. Wang or other key management personnel, including our Chief Financial Officer, could significantly delay or prevent the achievement of our business objectives.

Failure to attract and retain qualified personnel could put us at a competitive disadvantage and prevent us from effectively growing our business.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. There is substantial competition for experienced management, technical and sales personnel in the chip equipment industry. If qualified personnel become scarce or difficult to attract or retain for compensation-related or other reasons, we could experience higher labor, recruiting or training costs. New hires may require significant training and time before they achieve full productivity and may not become as productive as we expect. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill key positions, we may experience inadequate levels of staffing to develop and market our products and perform services for our customers, which could have a negative effect on our operating results.

Our ability to utilize certain U.S. and state net operating loss carryforwards may be limited under applicable tax laws.

As of December 31, 2024, we had certain net operating loss carryforward amounts, or NOLs, of \$2 million for U.S. federal income tax purposes and \$0.9 million for U.S. state income tax purposes (note 18). As of December 31, 2023, we had NOLs, of \$3.3 million for U.S. federal income tax purposes and \$0.6 million for U.S. state income tax purposes. As of December 31, 2022, we had NOLs of \$4.4 million for U.S. federal income tax purposes and \$0.5 million for U.S. state income tax purposes.

Utilization of these NOLs could be subject to a substantial annual limitation if the ownership change limitations under U.S. Internal Revenue Code Sections 382 and 383 and similar U.S. state provisions are triggered by changes in the ownership of our capital stock. Such an annual limitation would result in the expiration of the NOLs before utilization. Our existing NOLs may be subject to limitations arising from previous ownership changes, including in connection with our initial public offering and concurrent private placement in November 2017, our follow-on public offering in August 2019, and any future equity issuances. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change. Regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, may cause our existing NOLs to expire or otherwise become unavailable to offset future income tax liabilities. Additionally, U.S. state NOLs generated in one state cannot be used to offset income generated in another U.S. state. For these reasons, we may be limited in our ability to realize tax benefits from the use of our NOLs, even if our profitability would otherwise allow for it.

Acquisitions that we pursue in the future, whether or not consummated, could result in other operating and financial difficulties.

In the future we may seek to acquire additional product lines, technologies or businesses in an effort to increase our growth, enhance our ability to compete, complement our product offerings, enter new and adjacent markets, obtain access to additional technical resources, enhance our intellectual property rights or pursue other competitive opportunities. We may also make investments in certain key suppliers to align our interests with such suppliers. If we seek acquisitions, we may not

be able to identify suitable acquisition candidates at prices we consider appropriate. We cannot readily predict the timing or size of our future acquisitions, or the success of any future acquisitions.

To the extent that we consummate acquisitions or investments, we may face financial risks as a result, including increased costs associated with merged or acquired operations, increased indebtedness, economic dilution to gross and operating profit and earnings per share, or unanticipated costs and liabilities. Acquisitions may involve additional risks, including:

- the acquired product lines, technologies or businesses may not improve our financial and strategic position as planned;
- we may determine we have overpaid for the product lines, technologies or businesses, or that the economic conditions underlying our acquisition have changed;
- we may have difficulty integrating the operations and personnel of the acquired company;
- we may have difficulty retaining the employees with the technical skills needed to enhance and provide services with respect to the acquired product lines or technologies;
- the acquisition may be viewed negatively by customers, employees, suppliers, financial markets or investors;
- we may have difficulty incorporating the acquired product lines or technologies with our existing technologies;
- we may encounter a competitive response, including price competition or intellectual property litigation;
- we may encounter difficulties related to required CFIUS approval (see also “-Regulatory Risks-Certain of our investments may be subject to review by and approval from CFIUS, which may prevent us from taking advantage of investment opportunities that would otherwise be advantageous to our stockholders”);
- we may become a party to product liability or intellectual property infringement claims as a result of our sale of the acquired company’s products;
- we may incur one-time write-offs, such as acquired in-process research and development costs, and restructuring charges;
- we may acquire goodwill and other intangible assets that are subject to impairment tests, which could result in future impairment charges;
- our ongoing business and management’s attention may be disrupted or diverted by transition or integration issues and the complexity of managing geographically or culturally diverse enterprises; and
- our due diligence process may fail to identify significant existing issues with the target business.

From time to time, we may enter into negotiations for acquisitions or investments that are not ultimately consummated. These negotiations could result in significant diversion of management time, as well as substantial out-of-pocket costs, any of which could have a material adverse effect on our business, operating results and financial condition.

Declines in the semiconductor industry, or the overall world economic conditions on which the industry is significantly dependent, could have a material adverse impact on our results of operations and financial condition.

Our business depends on the capital equipment expenditures of chip manufacturers, which in turn depend on the current and anticipated market demand for integrated circuits. With the consolidation of customers within the industry, the chip capital equipment market may experience rapid changes in demand driven both by changes in the market generally and the plans and requirements of particular customers. Global economic and business conditions, which are often unpredictable, have historically impacted customer demand for our products and normal commercial relationships with our customers, suppliers and creditors. Additionally, in times of economic uncertainty our customers’ budgets for our tools, or their ability to access credit to purchase them, could be adversely affected. This would limit their ability to purchase our products and services. As a result, economic downturns could cause material adverse changes to our results of operations and financial condition including:

- a decline in demand for our products;
- an increase in reserves on accounts receivable due to our customers’ inability to pay us;
- an increase in reserves on inventory balances due to excess or obsolete inventory as a result of our inability to sell such inventory;
- valuation allowances on deferred tax assets;
- restructuring charges;

- asset impairments;
- a decline in the value of our investments;
- exposure to claims from our suppliers for payment on inventory that is ordered in anticipation of customer purchases that do not come to fruition;
- a decline in the value of certain facilities we lease to less than our residual value guarantee with the lessor; and
- challenges maintaining reliable and uninterrupted sources of supply.

Fluctuating levels of investment by chip manufacturers may materially affect our aggregate shipments, revenue, operating results and earnings. Where appropriate, we will attempt to respond to these fluctuations with cost management programs aimed at aligning our expenditures with anticipated revenue streams, which could result in restructuring charges. Even during periods of reduced revenues, we must continue to invest in research and development and maintain extensive ongoing worldwide customer service and support capabilities to remain competitive, which may temporarily harm our profitability and other financial results.

Regulatory Risks

Our ability to sell our tools to customers in mainland China and certain other countries has been impacted, and will likely continue to be materially and adversely impacted, by export license requirements, other regulatory changes, or other actions taken by the U.S. or other governmental agencies.

ACM Shanghai utilizes certain items subject to export controls under the U.S. Export Administration Regulations (EAR) in manufacturing and supplying its products. The EAR applies to exports of commodities, software and technology from the United States, including for use in manufacturing products outside the United States, as well as to certain products manufactured outside the United States that incorporate, or are based on, designated U.S. content, software or technology. The Bureau of Industry and Security of the U.S. Department of Commerce (BIS), which administers the EAR, recently imposed, and may continue to impose, additional restrictions under the EAR on certain exports to China, to include Hong Kong and Macau, including restrictions targeting the semiconductor manufacturing industry in China. These types of restrictions may impact the operations of ACM Shanghai.

In October 2022, BIS announced new rules that significantly expanded U.S. export controls as applied to advanced IC products, related manufacturing equipment and technology, and supercomputers, where the destination or ultimate end user is based in mainland China. In the case of semiconductor manufacturing equipment, the new rules require an export license for the export, re-export, or transfer to or within mainland China of additional types of semiconductor manufacturing equipment, items for use in manufacturing designated types of semiconductor manufacturing equipment (along with other items subject to the EAR, for use in the development or production of ICs), and semiconductor manufacturing equipment for use at certain IC manufacturing and development facilities in mainland China. In most cases, license applications for these exports are reviewed under a presumption of denial. In addition, BIS imposed new restrictions by which U.S. persons anywhere in the world are effectively barred from engaging in certain activities related to the development and production of semiconductors at mainland China fabrication facilities meeting specified criteria, even if no items subject to the EAR are involved. The October 2022 restrictions were later expanded to include Macau.

These new restrictions have impacted the procurement by ACM Shanghai of certain items from the United States, and of certain items subject to U.S. export controls from outside the United States, for use in manufacturing its products.

In October 2023, BIS further expanded export controls on semiconductors, semiconductor manufacturing items and items for use in manufacturing designated types of semiconductor manufacturing equipment, including through new licensing requirements covering a broader variety of items, and an expansion in the geographical scope of the controls.

There were further export control restrictions imposed in 2024. BIS expanded export controls to limit distribution of high-performance ICs by restricting sales through customer allocations and imposing caps on specific countries.

ACM Shanghai has determined that several of its customers have mainland China-based facilities that meet the restricted criteria set out in the enhanced export control rules described above, and has also determined that several of its products,

and/or components for its products, may meet the parameters of export control classification numbers, or ECCNs, affected by the restrictions. ACM and ACM Shanghai have implemented modifications to their existing business policies and practices in response to these enhanced export restrictions, including by imposing limitations on the activities of their U.S. persons and undertaking measures in connection with their supply chains more broadly to comply with the new regulations. ACM Shanghai is continuing to assess the impact of these export control restrictions, and will continually adjust or modify its policies and practices as required to comply with these or other related updates. Based on our ongoing review, we believe these regulations may directly impact ACM Shanghai's ability to meet its future production plans, or indirectly impact the spending plans of ACM Shanghai's customer base. ACM may not be able to import, or may face substantial restrictions in importing, certain parts from the United States or parts subject to U.S. export controls from outside the United States to support tool shipments to such facilities, or to be embedded into tools defined by affected ECCNs.

We believe that as a result of the export control restrictions, several ACM Shanghai customers have significantly reduced production and related capital spending at facilities meeting the restricted advanced node capabilities. In addition, ACM Shanghai has experienced challenges as the companies in its supply chain adapt their policies to the new regulations. These factors had an adverse impact on ACM Shanghai's shipments and sales in the twelve months ended December 31, 2023. We anticipate these factors will continue to have an adverse impact on ACM Shanghai's shipments and sales in future periods.

Alongside these new restrictions, BIS has also continued to designate additional China entities, many involved in the semiconductor manufacturing industry, on restricted party lists under the EAR, such as the Entity List and the Unverified List. These designations impose licensing requirements for the supply of products to such entities. In most cases, any items subject to the EAR, including foreign produced products with specified U.S. content or that are the product of specified U.S. origin software, technology, or equipment, now require an export license from BIS before they can be supplied to the newly listed China entities, regardless of their export classification. In December 2020, SMIC, one of the largest chip manufacturers in mainland China and one of our key customers, was one of numerous entities added to the Entity List. Challenges faced by SMIC and its key suppliers as a result of the listing have indirectly impacted SMIC's demand for, and ACM Shanghai's ability to supply, ACM Shanghai products. More recently, in October 2022, YMTC, a leading mainland China memory chip company and one of our key customers, was added to the Unverified List of the EAR alongside a number of other Chinese entities. The Unverified List identifies parties for whom BIS has been unable to confirm their bona fides (i.e., legitimacy and reliability about the end-use and end-user of items subject to the EAR). Entities listed on the Unverified List are ineligible to receive items subject to the EAR by means of a license exception if a U.S. export license is required. In December 2022, YMTC was moved from the Unverified List to the Entity List. Challenges faced by YMTC and its key suppliers as a result of the listing could indirectly impact YMTC's demand for, or ACM Shanghai's ability to supply, ACM Shanghai products.

We cannot be certain what additional actions the U.S. government may take with respect to China entities, or whether such actions will impact our relationships with our mainland China-based customers. Additional actions could take the form of further revisions to the Entity List or Unverified List, new export restrictions, further expansions to the geographic scope of the controls, or additional tariffs or other trade restrictions. It is also possible that other countries could adopt similar semiconductor-focused export controls to align with the October 2022 and October 2023 U.S. actions.

During the three and twelve months ended December 30, 2023, two prominent exporters of advanced semiconductor manufacturing equipment, the Netherlands and Japan, announced and began to implement plans to join the United States in imposing semiconductor-focused export controls.

On May 23, 2023, the Japanese government issued the final amendment to an ordinance implementing new export controls to require licensing for export of certain advanced semiconductor manufacturing equipment, effective as of July 23, 2023. The amendment expands the scope of export controls to prohibit (1) exporting 23 additional categories of items relating to semiconductor manufacturing and (2) providing technology relating to manufacturing, development or use of these categories of items, in both cases, without an advance license. While the expanded export controls apply to exports to any jurisdiction, exports to certain jurisdictions, such as the United States, are expected to be permitted by certain types of broad general licenses. However, it remains to be seen whether the Japanese government will authorize any exports of these items to mainland China by a limited general license or specific license, if at all.

Likewise, on September 30, 2023, the Government of the Netherlands published additional export control measures for advanced semiconductor manufacturing equipment. The Regulation on Advanced Semiconductor Manufacturing Equipment entered force on September 1, 2023. From that point on, the export of certain advanced semiconductor manufacturing equipment, as specified in the Annex to the Regulation, is now subject to a national export license authorization requirement by the Dutch Central Import and Export Service.

Efforts to further tighten semiconductor-related export controls have continued in 2024. In December 2024, the Government of the Netherlands implemented supplemental export controls on certain emerging technology items including sensitive goods, software, and technology related to the semiconductor sector.

As a result of the new restrictions, the ability of ACM Shanghai to acquire such parts from Japan and the Netherlands to fulfill customer requirements, and the ability of ACM Shanghai's customers in mainland China to scale their production, could be further negatively impacted by these additional controls. The introduction of additional multilateral semiconductor-focused export controls could further negatively impact ACM Shanghai's supply arrangements.

We are unable to predict the duration of the restrictions imposed by the U.S. government, Japan and the Netherlands or the effects of any future governmental actions by the U.S., Japan, the Netherlands or other countries that may impact our relationships with our mainland China-based customers, any of which could have a long-term adverse effect on our business, operating results and financial condition.

Effective on December 2, 2024, the U.S. Department of Commerce's Bureau of Industry and Security ("BIS") promulgated a final rule naming a number of companies to the BIS Entity List (the "BIS Entity List"). Among the 140 companies added to the BIS Entity List were two subsidiaries of ACM Research, ACM Shanghai, located in the People's Republic of China, and ACM Korea, a direct subsidiary of ACM Shanghai, which is located in the Republic of Korea, and other related entities. In general terms, the new BIS Entity List designations prohibit any party worldwide from furnishing hardware, software, or technologies that are subject to U.S. export controls jurisdiction to ACM Shanghai or ACM Korea. See "Item 1A. Risk Factors—Regulatory Risks—Our operations in mainland China and Korea, including the import of components, technology, and activities of U.S. personnel therein, may be further impacted by the addition of ACM Shanghai, ACM Korea and related entities to the BIS Entity List" of this report for more information.

Changes in government trade policies could limit the demand for our tools and increase the cost of our tools.

General trade tensions between the United States and mainland China escalated beginning in 2018, and have continued to escalate. Since 2018, the U.S. government has imposed new or higher tariffs on specified imported products originating from mainland China in response to what the U.S. government characterized as unfair trade practices. The mainland China government responded to each of these rounds of U.S. tariff changes by imposing new or higher tariffs on specified products imported from the United States. Higher tariffs and additional rounds of tariffs have been suggested or threatened by U.S. and mainland China officials. More recently, in February 2025, U.S. officials have suggested potentially targeting Chinese origin legacy semiconductors with additional tariffs. Certain U.S. officials have also called for revocation of, or revisions to, China's permanent normal trade relations (PNTR) status, which would increase tariffs significantly on goods of Chinese origin. In the event any such increased tariffs take effect, it is possible that the Chinese government could respond with additional tariffs or restrictions.

The imposition of heightened tariffs on imports by both the U.S. and mainland China governments and the surrounding economic uncertainty may negatively impact the semiconductor industry, including by reducing the demand of fabricators for capital equipment such as our tools. Further changes in trade policy, including by tariffs, additional taxes, restrictions on exports or other trade barriers, or restrictions on supplies, equipment, and raw materials including rare earth minerals, may limit the ability of our customers to manufacture or sell semiconductors or to make the manufacture or sale of semiconductors more expensive and less profitable, which could lead those customers to fabricate fewer semiconductors and to invest less in capital equipment such as our tools. In addition, if mainland China were to impose additional tariffs on raw materials, subsystems or other supplies that we source from the United States, our cost for those supplies would increase. As a result of any of the foregoing events, the imposition of new or additional tariffs may limit our ability to manufacture tools, increase our selling and/or manufacturing costs, decrease margins, or inhibit our ability to sell tools or to purchase necessary

equipment and supplies, which could have a material adverse effect on our business, results of operations, or financial condition.

Changes in political and economic policies of the mainland China government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

Substantially all of our operations are conducted in mainland China, and a substantial majority of our revenue is sourced from mainland China. Accordingly, our financial condition and results of operations are affected to a significant extent by economic, political and legal development in mainland China.

The Chinese economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, and control of foreign exchange and allocation of resources. Although the mainland China government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in mainland China are still owned by the government. In addition, the mainland China government continues to play a significant role in regulating industry development by imposing industrial policies. The mainland China government also exercises significant control over economic growth in mainland China by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, regulating financial services and institutions, and providing preferential treatment to particular industries or companies.

While the mainland China economy has experienced significant growth in the past three decades, growth has been uneven, both geographically and among various sectors of the economy. The mainland China government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall mainland China economy, but may also have a negative effect on us. Our financial condition and results of operation could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. In the past the mainland China government has implemented measures to control the pace of economic growth, and similar measures in the future may cause decreased economic activity, which in turn could lead to a reduction in demand for our products and consequently have a material adverse effect on our businesses, financial condition and results of operations.

Although the mainland China government has been implementing policies to develop an independent domestic semiconductor industry supply chain, there is no guaranteed time frame in which these initiatives will be implemented. We cannot guarantee that the implementation of these policies will result in additional revenue to us or that our presence in mainland China will result in support from the mainland China government. To the extent that any capital investment or other assistance from the mainland China government is not provided to us, it could be used to promote the products and technologies of our competitors, which could adversely affect our business, operating results and financial condition.

Mainland China's currency exchange control and government restrictions on investment repatriation may impact our ability to transfer funds outside of mainland China, which could materially and adversely affect our ability to grow, make investments or acquisitions that could benefit our business, otherwise fund and conduct our business, or pay dividends on our common stock.

We generate substantially all of our revenue through ACM Shanghai, our mainland China subsidiary. Mainland China statutory laws and regulations permit payments of dividends by ACM Shanghai only out of its retained earnings, which are determined in accordance with mainland China accounting standards and regulations that differ from U.S. generally accepted accounting principles. Mainland China regulations and ACM Shanghai's articles of association require annual appropriations of 10% of net after-tax profits to be set aside, prior to payment of dividends, as a reserve or surplus fund, which restricts ACM Shanghai's ability to transfer a portion of its net assets to us. Such reserved funds can only be used for specific purposes and are not transferable to ACM in the form of loans, advances or cash dividends.

As a result of these and other restrictions under mainland China laws and regulations as well as restrictions under ACM Shanghai's bank loan agreements, we may be significantly restricted in our ability to transfer a portion of ACM Shanghai's net assets to ACM or other subsidiaries of ACM. We have no assurance that mainland China governmental authorities in the future will not limit further or eliminate the ability of ACM Shanghai to purchase foreign currencies and transfer such funds to ACM to meet its liquidity or other business needs. Any inability to access funds in mainland China, if and when needed for use outside of mainland China, could have a material and adverse effect on our liquidity and our business.

Certain of our investments may be subject to review by and approval from CFIUS, which may prevent us from taking advantage of investment opportunities that would otherwise be advantageous to our stockholders.

Certain of our investments may be subject to review by and approval from the U.S. Committee on Foreign Investment in the U.S., or CFIUS. In the event that CFIUS reviews one or more of our investments, there can be no assurances that we will be able to maintain or proceed with such investments on terms acceptable to us. Additionally, CFIUS may seek to impose limitations on one or more such investments that may prevent us from maintaining or pursuing investment opportunities that we otherwise would have maintained or pursued, which could adversely affect the performance of our investments and thus our overall performance. Certain of our stockholders may be non-U.S. investors, and in the aggregate, may comprise a substantial portion of our net asset value, which may increase the risks of such limitations being imposed in connection with investments pursued or made by us. Legislative and regulatory changes, including changes to agency practice, in the future may negatively impact our ability to realize value from certain existing and future investments, including by limiting exit opportunities or causing us to favor buyers that we believe are less likely to require CFIUS review, even in circumstances where other buyers may offer better terms or more consideration.

The U.S. Government has implemented an outbound investment review mechanism, which may prevent us from taking advantage of investment opportunities outside the United States that could otherwise be advantageous to our stockholders.

On November 15, 2024, the Office of Investment Security of the U.S. Department of the Treasury published in the Federal Register a final rule to implement President Biden's August 2023 Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern (the EO). The EO provided for the establishment of a new and targeted national security regulatory framework directed at controlling outbound investment from the United States in certain sensitive industry sectors in the People's Republic of China (PRC) and the Special Administrative Regions of Hong Kong and Macau (collectively, China). This final rule went into effect January 2, 2025.

As implemented by the final rule, the new framework would impose notification requirements and prohibitions on specified investments by U.S. persons in the semiconductor and microelectronics sector, quantum information technologies, and artificial intelligence (AI) systems.

Within the semiconductor and microelectronics sector, prohibited investments will include certain covered investments in electronic design automation software; certain fabrication and advanced packaging tools; the design, fabrication, or packaging of certain advanced integrated circuits, and supercomputers. Notifiable investments will include any covered investments related to the design, fabrication, or packaging of integrated circuits not otherwise covered by the prohibition.

Given the breadth of the notification requirement as applicable within the semiconductor industry, we will likely be subject to increased regulatory burden to engage in certain investments in the PRC. Such a mechanism could negatively impact our ability to realize value from certain existing and future investments, including by limiting exit opportunities or causing us to favor buyers that may avoid complex notification requirements, even in circumstances where other buyers may offer better terms or more consideration. There can be no assurances that we will be able to maintain or proceed with investments on terms acceptable to us. It is possible that the outbound investment reporting requirements and prohibitions could adversely affect our business, financial condition, and operating results.

Our operations in mainland China and Korea, including the import of components, technology, and activities of U.S. personnel therein, may be further impacted by the addition of ACM Shanghai, ACM Korea and related entities to the BIS Entity List.

On December 2, 2024, the U.S. BIS imposed additional controls on exports to, and transfers within, the People's Republic of China PRC relating to advanced integrated circuit products, certain IC manufacturing equipment and technology, and supercomputers associated with artificial intelligence (AI) and advanced computing.

In coordination with the new regulations, among other updates, ACM Shanghai and its operating subsidiaries in China and Korea, were added to the Entity List published by BIS. Neither ACM, nor its direct subsidiaries outside of mainland China, were added to the Entity List.

The new regulations will make it difficult, if not impossible, for ACM Shanghai and ACM Korea to obtain any U.S.-sourced components, or components from other countries that may choose to follow the U.S. restrictions. Although we believe the impact to our supply chain, and the ability of ACM Shanghai and ACM Korea to produce tools in mainland China can be managed without a significant interruption of our business, it will require the transition of certain components to be qualified at our customers to maintain consistent quality standards. The potential impact on sales to our customers will also depend on the effect of the new regulations on their own spending plans.

We do not anticipate an impact to the ability to sell, deliver and service products to our global customers outside of mainland China. We believe the new regulations prohibit the export or reexport of Items to companies on the Entity List without a BIS license, but do not inhibit the ability of companies on the Entity List to sell, deliver, and service their products to global customers.

We are subject to government regulation, including import, export, economic sanctions, and anti-corruption laws and regulations, that may limit our sales opportunities, expose us to liability and increase our costs.

Our products are subject to import and export controls in jurisdictions in which we distribute or sell our products. Import and export controls and economic sanctions laws and regulations include restrictions and prohibitions on the sale or supply of certain products and on our transfer of parts, components, and related technical information and know-how to certain countries, regions, governments, persons and entities.

Various countries regulate the importation of certain products through import permitting and licensing requirements and have enacted laws that could limit our ability to distribute our products. The exportation, re-exportation, transfers within foreign countries and importation of our products, including by our partners, must comply with these laws and regulations, and any violations may result in reputational harm, government investigations and penalties, or a denial or curtailment of exporting privileges. Complying with export control and sanctions laws for a particular sale may be time consuming, may increase our costs, and may result in the delay or loss of sales opportunities. If we are found to be in violation of U.S. sanctions or export control laws, or similar laws in other jurisdictions, we and the individuals working for us could incur substantial fines and penalties. Changes in export, sanctions or import laws or regulations may delay the introduction and sale of our products in international markets, require us to expend resources to seek necessary government authorizations or develop different versions of our products, or, in some cases, prevent the export or import of our products to certain countries, regions, governments, persons or entities, which could adversely affect our business, financial condition and operating results.

We are subject to various domestic and international anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act, as well as similar anti-bribery and anti-kickback laws and regulations in the United States and other jurisdictions. These laws and regulations generally prohibit companies and their intermediaries from offering or making improper payments to non-U.S. officials for the purpose of obtaining, retaining or directing business. Our exposure for violating these laws and regulations increases as our international presence expands and as we increase sales and operations in foreign jurisdictions.

Risks Related to the STAR Listing of ACM Shanghai

We may not achieve the results contemplated by our business strategy and our strategy for growth in mainland China may not result in increases in the price of Class A common stock.

We cannot assure you that we will realize any or all of our anticipated benefits of the STAR Listing and the STAR IPO, which may not have the anticipated effects of including the strengthening of our market position and operations in mainland China. ACM Shanghai continues to have broad discretion in the use of the proceeds from the initial sales of shares to investors and the proceeds from the STAR IPO, and will have similar discretion over the use of proceeds from future financing activities (including follow-on offerings or private placements of shares with mainland China investors). ACM Shanghai may not spend or invest those proceeds in a manner that results in our operating success or with which ACM Research stockholders agree. Our failure to successfully leverage the completion of the STAR Listing and the STAR IPO, and any future financings by ACM Shanghai, to expand our mainland China business could result in a decrease in the price of the Class A common stock, and we cannot assure you that the success of ACM Shanghai will have an attendant positive effect on the price of the Class A common stock.

Mainland China companies are critical to the global semiconductor industry, and our current business is substantially concentrated in the mainland China market. Our inability to build, or any delay in growing, our mainland China-based operations would materially and adversely limit our operations and operating results, including our revenue growth.

ACM Shanghai's status as a publicly traded company that is controlled, but less than wholly owned, by ACM Research could have an adverse effect on us.

In November 2021, we completed the STAR Listing and STAR IPO with respect to shares of ACM Shanghai. ACM Shanghai is our principal operating company and, prior to the STAR Listing process, was a wholly owned subsidiary of ACM Research. As the result of actions taken in connection with the STAR Listing and the STAR IPO, ACM Shanghai is no longer a wholly owned subsidiary of ACM Research, and the interests of ACM Shanghai may diverge from the interests of ACM Research and its other subsidiaries in the future. We may face conflicts of interest in managing, financing or engaging in transactions with ACM Shanghai, or allocating business opportunities between our subsidiaries, including future arrangements for operating subsidiaries other than ACM Shanghai to license and use our intellectual property. Substantially all of our intellectual property has been developed in mainland China and is owned by ACM Shanghai. As we expand our global operations through operating subsidiaries outside of mainland China, those operating subsidiaries may need to license intellectual property from ACM Shanghai in order to operate, and there can be no assurance that conflicts of interest will not preclude those operating subsidiaries from licensing the required intellectual property from ACM Shanghai on reasonable terms or at all.

ACM Research retains majority ownership of ACM Shanghai since the STAR IPO, but ACM Shanghai is managed by a separate board of directors and officers and those directors and officers will owe fiduciary duties to the various stakeholders of ACM Shanghai, including shareholders other than ACM Research. In the operation of ACM Shanghai's business, there may be situations that arise whereby the directors and officers of ACM Shanghai, in the exercise of their fiduciary duties, take actions that may be contrary to the best interests of ACM Research.

In the future, ACM Shanghai may issue options, restricted shares and other forms of share-based compensation to its directors, officers and employees, which could dilute ACM Research's ownership in ACM Shanghai. In addition, ACM Shanghai may engage in capital raising activities in the future that could further dilute ACM Research's ownership interest. For example, on January 25, 2024, we announced that ACM Shanghai intends to offer up to 43.6 million of its ordinary shares in a private offering to qualified buyers in compliance with the requirements of the China Securities Regulatory Commission, which would constitute up to 10% of ACM Shanghai's share capital prior to the transaction. If consummated in full, we estimate that our equity interest in ACM Shanghai would decline from 81.5% to approximately 74.1%. The consummation of the proposed transaction is subject to market conditions, the approval of ACM Shanghai's shareholders, completion of the review process by the Shanghai Stock Exchange, completion of the registration process by the China

Securities Regulatory Commission, and other factors. We estimate that if consummated in full, the proposed transaction would generate gross proceeds of up to RMB 4.5 billion (\$625 million) to ACM Shanghai, whose management would have broad discretion over the use of such proceeds. It is unlikely that any of such proceeds would be distributed to ACM Research.

ACM Research and ACM Shanghai both are public reporting companies but each is subject to separate, and potentially inconsistent, accounting and disclosure requirements, which may lead to investor confusion or uncertainty that could cause decreased demand for, or fluctuations in the price of, one or both of the companies' publicly traded shares.

Since ACM Shanghai completed the STAR Listing and the STAR IPO in November 2021, it has been subject to accounting, disclosure and other regulatory requirements of the STAR Market. At the same time, ACM Research remains subject to accounting, disclosure and other regulatory requirements of the SEC and the Nasdaq Global Market, or Nasdaq. As a result, ACM Research and ACM Shanghai periodically will disclose information simultaneously pursuant to differing laws and regulations. Even though substantially all of the operations of ACM Research are currently conducted through ACM Shanghai, the information disclosed by the two companies will differ, and may differ materially from time to time, due to the distinct, and potentially inconsistent, accounting standards applicable to the two companies and disclosure requirements imposed by securities regulatory authorities, as well as differences in language, culture and expression habit, in composition of investors in the United States and mainland China, and in the capital markets of the United States and mainland China.

Differing disclosures could lead to confusion or uncertainty among investors in the publicly traded shares of one or both companies. Differences between the price of ACM Shanghai shares on the STAR Market and the price of ACM Research Class A common stock on Nasdaq could lead to increased volatility, as some investors seek to arbitrage price differences. Moreover, such volatility could be exacerbated by the fact that ACM Shanghai shares currently represent substantially all of the assets of ACM Research.

Risks Related to Our Intellectual Property and Data Security

Our success depends on our ability to protect our intellectual property, including our SAPS, TEBO, Tahoe, ECP, furnace and other technologies.

Our commercial success depends in part on our ability to obtain and maintain patent and trade secret protection for our intellectual property, including our SAPS, TEBO, Tahoe, ECP, furnace and other technologies and the design of our Ultra C equipment, as well as our ability to operate without infringing upon the proprietary rights of others. There can be no assurance that our patent applications will result in additional patents being issued or that issued patents will afford sufficient protection against competitors with similar technology, nor can there be any assurance that the patents issued will not be infringed, designed around, or invalidated by third parties. Even issued patents may later be found unenforceable or may be modified or revoked in proceedings instituted by third parties before various patent offices or in courts. The degree of future protection for our intellectual property is uncertain. Only limited protection may be available and may not adequately protect our rights or permit us to gain or keep any competitive advantage. This failure to properly protect the intellectual property rights relating to our products and technologies could have a material adverse effect on our financial condition and results of operations.

The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we or any of our future development partners will be successful in protecting our product candidates by obtaining and defending patents. These risks and uncertainties include the following:

- The U.S. Patent and Trademark Office and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process. There are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case.
- Patent applications may not result in any patents being issued.

- Patents that may be issued may be challenged, invalidated, modified, revoked, circumvented, found to be unenforceable or otherwise may not provide any competitive advantage.
- Our competitors may seek or may have already obtained patents that will limit, interfere with, or eliminate our ability to make, use and sell our potential product candidates.
- Mainland China and other countries other than the United States may have patent laws less favorable to patentees than those upheld by U.S. courts, allowing foreign competitors a better opportunity to create, develop and market competing product candidates.

In addition, we rely on the protection of our trade secrets and know-how. Although we have taken steps to protect our trade secrets and unpatented know-how, including entering into confidentiality and non-disclosure agreements with third parties and confidential information and inventions agreements with key employees, customers and suppliers, other parties may still obtain this information or may come upon this information independently. If any of these events occurs or if we otherwise lose protection for our trade secrets or proprietary know-how, the value of this information may be greatly reduced.

We may be involved in lawsuits to protect or enforce our patents, which could be expensive, time consuming and unsuccessful.

Competitors may infringe upon our patents. If our technologies are adopted, we believe that competitors may try to match our technologies and tools in order to compete. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming. An adverse result in any litigation or defense proceedings, including our current suits, could put one or more of our patents at risk of being invalidated, found to be unenforceable or interpreted narrowly and could put our patent applications at risk of not issuing. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during litigation. In addition, any future patent litigation, interference or other administrative proceedings will result in additional expense and distraction of our personnel. Most of our competitors are larger than we are and have substantially greater resources, and they therefore are likely to be able to sustain the costs of complex patent litigation longer than we could. An adverse outcome in such litigation or proceedings may expose us to loss of our proprietary position.

We may not be able to protect our intellectual property rights throughout the world, including mainland China, which could materially, negatively affect our business.

Filing, prosecuting and defending patents on our products or proprietary technologies in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States, including mainland China, can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may export otherwise infringing products to territories where we have patent protection but enforcement is not as strong as that in the United States. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

The significant majority of our intellectual property has been developed in mainland China and is owned by ACM Shanghai. Implementation and enforcement of intellectual property-related laws in mainland China has historically been lacking due primarily to ambiguities in mainland China intellectual property law. Accordingly, protection of intellectual property and proprietary rights in mainland China may not be as effective as in the United States or other countries. As a result, third parties could illegally use the technologies and proprietary processes that we have developed and compete with us, which could negatively affect any competitive advantage we enjoy, dilute our brand and harm our operating results. Litigation may be necessary to enforce our intellectual property rights, and given the relative unpredictability of mainland China's legal system and potential difficulties enforcing a court judgment in mainland China, there is no guarantee litigation would result in an outcome favorable to us.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license and may adversely affect our business.

If we are sued for infringing intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in that litigation could have a material adverse effect on our business.

Our success depends on our ability to develop, manufacture, market and sell our products without infringing upon the proprietary rights of third parties. Numerous U.S. and foreign-issued patents and pending patent applications owned by third parties exist in the fields in which we are developing products, some of which may contain claims that overlap with the subject matter of our intellectual property. A third party has claimed in the past, and others may claim in the future, that our technology or products infringe their intellectual property. In some instances third parties may initiate litigation against us in an effort to prevent us from using our technology in alleged violation of their intellectual property rights. The risk of such a lawsuit will likely increase as our size and the number and scope of our products increase and as our geographic presence and market share expand.

Any potential intellectual property claims or litigation commenced against us could:

- be time consuming and expensive to defend, whether or not meritorious;
- force us to stop selling products or using technology that allegedly infringes the third party's intellectual property rights;
- delay shipments of our products;
- require us to pay damages or settlement fees to the party claiming infringement;
- require us to attempt to obtain a license to the relevant intellectual property, which may not be available on reasonable terms or at all;
- force us to attempt to redesign products that contain the allegedly infringing technology, which could be expensive or which we may be unable to do;
- require us to indemnify our customers, suppliers or other third parties for any loss caused by their use of our technology that allegedly infringes the third party's intellectual property rights; or
- divert the attention of our technical and managerial resources.

Because patent applications can take many years to issue, there may be currently pending applications, unknown to us, that may later result in issued patents upon which our products or technologies may infringe. Similarly, there may be issued patents relevant to our products of which we are not aware.

Breaches of our cybersecurity systems could degrade our ability to conduct our business operations and deliver products to our customers, result in data losses and the theft of our intellectual property, damage our reputation, and require us to incur significant additional costs to maintain the security of our networks and data.

We increasingly depend upon our information technology systems to conduct our business operations, ranging from our internal operations and product development and manufacturing activities to our marketing and sales efforts and communications with our customers and business partners. Computer programmers may attempt to penetrate our network security, or that of our website, and misappropriate our proprietary information or cause interruptions of our service. Because the techniques used by such computer programmers to access or sabotage networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. We have also outsourced a

number of our business functions to third-party contractors, including our manufacturers, and our business operations also depend, in part, on the success of our contractors' own cybersecurity measures. Accordingly, if our cybersecurity systems and those of our contractors fail to protect against unauthorized access, sophisticated cyberattacks and the mishandling of data by our employees and contractors, our ability to conduct our business effectively could be damaged in a number of ways, including sensitive data regarding our employees or business, including intellectual property and other proprietary data, could be stolen. Should this occur, we could be subject to significant claims for liability from our customers and regulatory actions from governmental agencies. In addition, our ability to protect our intellectual property rights could be compromised and our reputation and competitive position could be significantly harmed. Consequently, our financial performance and results of operations could be adversely affected.

Risks Related to Ownership of Class A Common Stock

The market price of Class A common stock has been and may continue to be volatile, which could result in substantial losses for investors purchasing our shares.

The market price of Class A common stock has been, and could continue to be, subject to significant fluctuations. The market price of Class A common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our revenue and other operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- changes in projections for the chips or chip equipment industries or in the operating performance or expectations and stock market valuations of chip companies, chip equipment companies or technology companies in general;
- changes in operating results;
- any changes in the financial projections we may provide to the public, our failure to meet these projections, or changes in recommendations by any securities analysts that elect to follow Class A common stock;
- additional shares of Class A common stock being sold into the market by us or our existing stockholders or the anticipation of such sales;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- lawsuits threatened or filed against us;
- litigation and other developments relating to our patents or other proprietary rights or those of our competitors;
- developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies; and
- general economic trends, including changes in the demand for electronics or information technology or geopolitical events such as war or acts of terrorism, or any responses to such events.

In recent years, the stock market in general, and Nasdaq in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to changes in the operating performance of the companies whose stock is experiencing those price and volume fluctuations. Further, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. Similar litigation may be instituted against us in the future, which could result in substantial costs and a diversion of our management's attention and resources.

Few if any companies with stock publicly traded in the United States have effected a STAR Market listing of stock of a mainland China-based subsidiary, and it is therefore difficult to predict the effect of the STAR Listing and STAR IPO on the Class A common stock.

The China Securities Regulatory Commission initially launched the STAR Market in June 2019 and trading on the Market began in July 2019. In November 2021 ACM Shanghai completed the STAR Listing and the STAR IPO. We believe we are

one of the first publicly traded U.S. companies to complete an initial public offering of shares of a mainland China subsidiary on the STAR Market. As a result, no assurance can be given regarding the effect of the STAR Listing and the STAR IPO on the market price of the Class A common stock. The market price of Class A common stock may be volatile or may decline, for reasons other than the risk and uncertainties described above, as the result of investor negativity or uncertainty with respect to the impact of the STAR Listing and STAR IPO.

ACM Research stockholders were not entitled to purchase ACM Shanghai shares in the pre-STAR Listing placement, and they may have limited opportunities to purchase ACM Shanghai shares now that the STAR Listing and the STAR IPO have been completed. Investors may elect to invest in our business and operations by purchasing ACM Shanghai shares on the STAR Market rather than purchasing ACM Research Class A common stock, and that reduction in demand could lead to a decrease in the market price for the Class A common stock.

If securities or industry analysts do not publish research or reports about us, our business or our market, or if they publish negative evaluations of Class A common stock or the stock of other companies in our industry, the price of our stock and trading volume could decline.

The trading market for Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade the Class A common stock or publish inaccurate or unfavorable research about our business, the Class A common stock price would likely decline. In addition, if one or more of these analysts ceases coverage of the Class A common stock or fails to publish reports about the Class A common stock on a regular basis, we could lose visibility in the financial markets, which in turn could cause the Class A common stock price or trading volume to decline.

We have never paid and do not intend to pay cash dividends and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of Class A common stock.

We have never declared or paid cash dividends on our capital stock. We intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. Accordingly, you may only receive a return on your investment in Class A common stock if the market price of Class A common stock increases.

Our ability to pay dividends on Class A common stock depends significantly on our receiving distributions of funds from our subsidiaries in mainland China. mainland China statutory laws and regulations permit payments of dividends by those subsidiaries only out of their retained earnings, which are determined in accordance with mainland China accounting standards and regulations that differ from U.S. generally accepted accounting principles. Mainland China regulations and our subsidiaries' articles of association require annual appropriations of 10% of net after-tax profits to be set aside, prior to payment of dividends, as a reserve or surplus fund, which restricts our subsidiaries' ability to transfer a portion of their net assets to us. In addition, our subsidiaries' short-term bank loans restrict their ability to pay dividends to us.

The dual class structure of common stock has the effect of concentrating voting control with our executive officers and directors, including our Chief Executive Officer and President, which will limit or preclude your ability to influence corporate matters.

Class B common stock has twenty votes per share and Class A common stock has one vote per share. As of February 24, 2025, stockholders who hold shares of Class B common stock, who consist principally of our executive officers, employees, directors and their respective affiliates, collectively held 64.2% of the voting power of our outstanding capital stock. Because of the twenty-to-one voting ratio between Class B and Class A common stock, holders of Class B common stock collectively will continue to control a majority of the combined voting power of Class A common stock and therefore be able to control all matters submitted to our stockholders for approval so long as the shares of Class B common stock represent at least 4.8% of all outstanding shares of Class A and Class B common stock. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future. This concentrated control could also discourage a potential investor

from acquiring Class A common stock due to the limited voting power of such stock relative to the Class B common stock and might harm the market price of Class A common stock.

Because of the market capitalization achieved by Class A common stock during October 2020, the trigger included in our charter pursuant to which all of the shares of Class B common stock must convert into Class A common stock no longer applies. Instead, all of the Class B common stock generally will convert into Class A common stock only upon the election of the holders of a majority of the then-outstanding shares of Class B common stock, and specific shares of Class B common stock will convert into Class A common stock upon future transfers by the holders of those shares. The potential conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

Delaware law and provisions in our charter and bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of Class A common stock.

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. Our charter and bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- our dual class common stock structure provides holders of Class B common stock with the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the total number of outstanding shares of Class A and Class B common stock;
- when the outstanding shares of Class B common stock represent less than a majority of the combined voting power of common stock;
- amendments to our charter or bylaws will require the approval of two-thirds of the combined vote of our then-outstanding shares of Class A and Class B common stock;
- vacancies on the board of directors will be able to be filled only by the board and not by stockholders;
- the board, which currently is not staggered, will be automatically separated into three classes with staggered three-year terms;
- directors will only be able to be removed from office for cause; and
- our stockholders will only be able to take action at a meeting and not by written consent;
- only our chair, our chief executive officer or a majority of our directors is authorized to call a special meeting of stockholders;
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders;
- our charter authorizes undesignated preferred stock, the terms of which may be established, and shares of which may be issued, without stockholder approval; and
- cumulative voting in the election of directors is prohibited.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders holding more than 15% of our outstanding voting stock from engaging in certain business combinations with us. Any provision of our charter or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of Class A common stock, and could also affect the price that some investors are willing to pay for Class A common stock.

Our charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or stockholders.

Our charter provides that the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed to us, our stockholders, creditors or other constituents by any of our directors, officers, other employees, agents or stockholders;
- any action asserting a claim arising under the Delaware General Corporation Law, our charter or bylaws, or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; or
- any action asserting a claim that is governed by the internal affairs doctrine.

By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our charter related to choice of forum. The choice of forum provision in our charter may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or any of our directors, officers, other employees, agents or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our charter to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial condition.

We incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies which could adversely affect our business, operating results and financial condition.

As a public company, we will continue to incur significant legal, accounting and other expenses. We are subject to the reporting requirements of the Securities and Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules and regulations of Nasdaq. These requirements have increased and will continue to increase our legal, accounting and financial compliance costs and have made and will continue to make some activities more time consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to maintain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve as our executive officers or on the board of directors, particularly to serve on the audit and compensation committees.

The Sarbanes-Oxley Act requires, among other things, that we assess the effectiveness of our internal control over financial reporting annually and the effectiveness of our disclosure controls and procedures quarterly. In particular, Section 404 of the Sarbanes-Oxley Act, or Section 404, requires our management to perform system and process evaluation and testing to allow it to report on the effectiveness of our internal control over financial reporting.

Investor perceptions of our company may suffer if deficiencies are found, which could cause a decline in the market price of our stock. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation. If we are unable to implement these requirements effectively or efficiently, it could harm our operations, financial reporting, or financial results and could result in an adverse opinion on our internal controls from our independent registered public accounting firm.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by

ongoing revisions to disclosure and governance practices. We invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expense and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Short sellers of our stock may be manipulative and may drive down the market price of our Class A common stock.

Short selling is the practice of selling securities that a seller does not own but rather has borrowed, or intends to borrow, from a third party with the intention of buying identical securities at a later date to return to the lender. A short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the stock to decline, some short sellers publish, or arrange for the publication of, opinions or characterizations regarding the relevant issuer, its business prospects and similar matters calculated to or which may create negative market momentum, which may permit them to obtain profits for themselves as a result of selling the securities short. The use of the Internet, social media, and blogging have allowed short sellers to publicly attack a company's credibility, strategy and veracity by means of so-called "research reports" that mimic the type of investment analysis performed by legitimate securities research analysts. Issuers with limited trading volumes or substantial retail stockholder bases can be particularly susceptible to higher volatility levels, and can be particularly vulnerable to such short attacks.

Short seller publications are not regulated by any governmental or self-regulatory organization or any other official authority in the United States and are not subject to the certification requirements imposed by the SEC in Regulation Analyst Certification. Accordingly, the opinions they express may be based on distortions of actual facts or, in some cases, outright fabrications. In light of the limited risks involved in publishing such information, and the significant profits that can be made from running successful short attacks, short sellers will likely continue to issue such reports. Short-seller publications may create the appearance or perception of wrongdoing, even when they are not substantiated, and may therefore affect the reputation or perception of our company and management.

While we intend to strongly defend our public filings against any such short seller attacks, in many situations we could be constrained, for example, by principles of freedom of speech, applicable state law or issues of commercial confidentiality, in the manner in which we are able to proceed against the relevant short seller.

Such short-seller attacks have caused, and may cause in the future, temporary or possibly long term, declines in the market price of Class A common stock and possible litigation initiated against us.

General

Our production facilities could be damaged or disrupted by a natural disaster, war, terrorist attacks or other catastrophic events.

Our manufacturing facilities are subject to risks associated with natural disasters, such as earthquakes, fires, floods tsunamis, typhoons and volcanic activity, environmental disasters, health epidemics, and other events beyond our control such as power loss, telecommunications failures, and uncertainties arising out of armed conflicts or terrorist attacks. The frequency and intensity of severe weather events are reportedly increasing throughout the world as part of broader climate changes. Global weather pattern changes may pose long-term risks of physical impacts to our business. A substantial majority of our facilities as well as our research and development personnel are located in mainland China. Any catastrophic loss or significant damage to any of our facilities would likely disrupt our operations, delay production, and adversely affect our product development schedules, shipments and revenue. In addition, any such catastrophic loss or significant damage could result in significant expense to repair or replace the facility and could significantly curtail our research and development efforts in a particular product area or primary market, which could have a material adverse effect on our operations and operating results.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things: operational risks, intellectual property theft, fraud, extortion, harm to employees or customers and violation of data privacy or security laws.

Identifying and assessing cybersecurity risk is integrated into our overall risk management systems and processes.

Cybersecurity risks related to our business, technical operations, privacy and compliance issues are identified and addressed through a multi-faceted approach including third party assessments, internal IT Audit, IT security, governance, risk and compliance reviews. To defend, detect and respond to cybersecurity incidents, we, among other things: conduct proactive privacy and cybersecurity reviews of systems and applications, audit applicable data policies, perform penetration testing using external third-party tools and techniques to test security controls, conduct employee training, monitor emerging laws and regulations related to data protection and information security and implement appropriate changes.

As part of our risk management process, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments. We also maintain a variety of incident response plans that are utilized when incidents are detected. We require employees with access to information systems, including all corporate employees, to undertake data protection and cybersecurity training and compliance programs.

We describe whether and how risks from cybersecurity threats are reasonably likely to materially affect us, including our financial performance and results of operations, under the heading “Breaches of our cybersecurity systems could degrade our ability to conduct our business operations and deliver products to our customers, result in data losses and the theft of our intellectual property, damage our reputation, and require us to incur significant additional costs to maintain the security of our networks and data” in Item 1A, “Risk Factors” of Part I of this report.

Cybersecurity Governance

Cybersecurity is an important part of our risk management processes. Our Audit Committee is responsible for the oversight of risks from cybersecurity threats. Members of the Audit Committee receive reports of any breaches or developments regarding matters of cybersecurity. This includes existing and new cybersecurity risks, status on how management is addressing and/or mitigating those risks, cybersecurity and data privacy incidents (if any) and status on key information security initiatives. Our Audit Committee and Board members may also engage in ad hoc conversations with management on cybersecurity-related news events and discuss any updates to our cybersecurity risk management and strategy programs.

Our cybersecurity risk management and strategy processes are overseen by leaders from our Information Security, Product Security, Compliance and Legal teams. Key individuals have an average of over 15 years of prior work experience in various roles involving information technology, including security, auditing, compliance, systems and programming. These individuals are informed about, and monitor the prevention, mitigation, detection and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above, including the operation of our incident response plan, and report directly or indirectly to the Audit Committee on any appropriate items.

Item 2. Properties

We have occupied our current corporate headquarters in Fremont, California, since February 2008, under a lease that, after an amendment in January 2025, now extends through March 31, 2027.

Our new corporate headquarters for ACM Shanghai comprises of four buildings, purchased in the twelve months ended December 31, 2023. The facilities are situated in ZhangJiang E-Park located in the ZhangJiang Science City part of the Pudong district of Shanghai, where ACM Shanghai conducts sales, marketing, R&D and administrative activities. Additional research and development, service support operations and administrative activities are conducted at a multi-story office building located on Cailun Road in the ZhangJiang Science City in Shanghai. This facility has been leased since 2007 and currently extends until December 31, 2025.

In addition, we perform sales support, customer service operations, R&D, and/ or production activities from leased facilities in Beijing, Chengdu, Jiangyin and Wuxi in mainland China and Icheon in Korea.

We conduct manufacturing, warehousing and R&D operations at three leased facilities located in the Chuansha area of Shanghai located about ten miles from ACM Shanghai's headquarters. The first facility includes a total of 103,318 square feet, of which 100,000 square feet are allocated for production, with a lease which extends until January 15, 2028. The second facility includes a total of 106,076 square feet of which 100,000 square feet are allocated for production, and the lease extends until July 15, 2025. The third facility includes a total of 105,970 square feet which provides additional manufacturing and warehousing space, and subsequent to December 31, 2024, the lease was extended until December 31, 2027.

In May 2020 ACM Shanghai, through its wholly owned subsidiary ACM Lingang, entered into an agreement for a 50-year land use right in the Lingang region of Shanghai. In July 2020 ACM Lingang began a multi-year construction project for a new development and production center. Construction of the five-building complex which comprises more than 1,485,000 square foot of floor space in aggregate is nearly completed, and is intended to incorporate state-of-the-art manufacturing systems and automation technologies and provide the floor space to significantly increase production capacity and support additional research and development activities when fully-staffed and supplied.

In connection with the Lingang facility project, on October 28, 2020, a wholly owned subsidiary of ACM Lingang entered into Shanghai Public Rental Housing Overall Pre-Sale Contracts with Shanghai Lingang Industrial Zone Public Rental Housing Construction and Operation Management Co., Ltd. for an aggregate price to us of approximately \$40 million. ACM Lingang's subsidiary received ownership of the apartment units and corresponding land use rights in January 2022 as part of a pilot project of public rental housing in the "rent before sale" park in the Lingang Industrial Zone. The contracts stipulate that, for a ten-year term, ACM Lingang's subsidiary is obligated to manage the apartment units for public rental use in accordance with public rental housing standards and must rent the apartment units to employees of ACM Shanghai and its subsidiaries who work in the Lingang Industrial Zone. After that ten-year period expires, ACM Lingang's subsidiary may use the apartment units as stock of commercial housing and may sell them separately in sets.

Effective April 1, 2023, we entered an agreement to lease a 10,683 square foot facility in Hillsborough, Oregon beginning April 1, 2023 until August 31, 2030. The facility is being used for our U.S.-based sales and services team to support customer activities in the region.

On October 1, 2024, we acquired a commercial facility, comprised of 39,500 square foot total floor space and which includes a 5,200 square foot functional clean room, for a price of \$7.75 million. This facility is located in the City of Hillsboro in Oregon, and is intended to further expand our research and development and demonstration capabilities in the United States market.

Item 3. Legal Proceedings

From time to time we may become involved in legal proceedings or may be subject to claims arising in the ordinary course of our business. Although the results of these proceedings and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors. As of December 31, 2024, the Company had no outstanding material legal proceedings, other than ordinary routine litigation incidental to the business.

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

Information Regarding the Trading of Common Stock

The Class A common stock has traded on NASDAQ Global Market under the symbol “ACMR” since November 3, 2017. The Class B common stock is not listed or traded on any stock exchange.

Holders of Common Stock

As of February 24, 2025, there were 58,107,893 shares of Class A common stock outstanding held of record by 46 stockholders. The actual number of holders of Class A common stock is substantially greater and includes stockholders who are beneficial owners and whose shares are held of record by banks, brokers, and other financial institutions.

As of February 24, 2025, there were 5,021,811 shares of Class B common stock held of record by 16 stockholders.

We have never declared or paid cash dividends on our capital stock. We intend to retain all available funds and any future earnings to support the operation of and to finance the growth and development of our business and do not anticipate paying any cash dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item will be set forth in the definitive proxy statement we will file in connection with our 2025 Annual Meeting of Stockholders and is incorporated by reference herein.

Sales of Unregistered Securities

During the three months ended December 31, 2024, ACM Research issued, pursuant to the exercise of stock options at a per share exercise price of \$0.50 per share, an aggregate of 323,824 shares of Class A common stock that were not registered under the Securities Act of 1933. We believe the offer and sale of those shares were exempt from registration under the Securities Act of 1933 by virtue of Section 4(a)(2) thereof (or Regulation D promulgated thereunder) because they did not involve a public offering. The recipients of the shares acquired the securities for investment only and not with a view to or

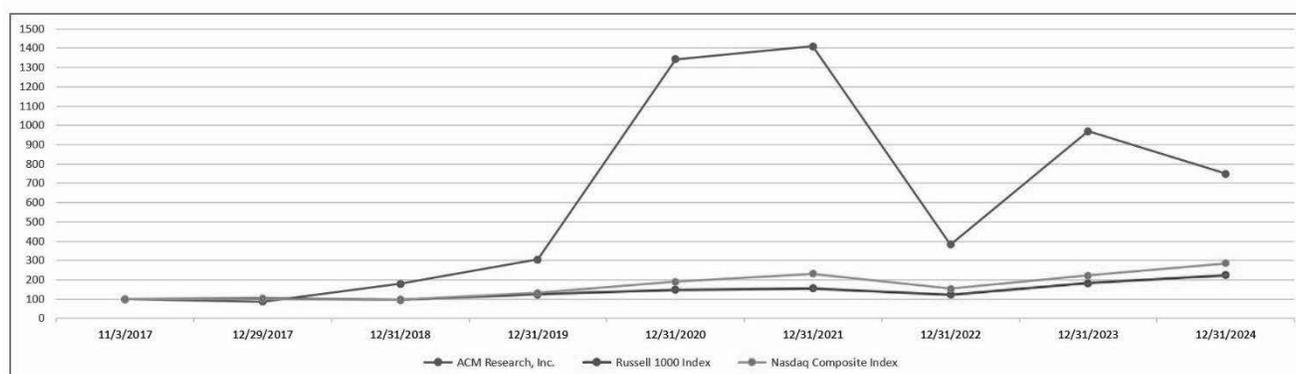
for sale in connection with any distribution thereof, and appropriate legends were recorded with respect to the shares. The recipients of the shares were accredited investors under Rule 501 of Regulation D.

Sale Date	Exercised Shares (Net)
November 5, 2024	27,028
November 14, 2024	34,058
November 14, 2024	262,738
Total	323,824

Performance Graph

The following graph compares the total return of an investment of \$100 in cash at the closing price of November 3, 2017, which is the date our common stock first began trading on Nasdaq, through December 31, 2024 for (1) our common stock, (2) the Russell 1000 index, and (3) the Nasdaq Composite Index. All values assume reinvestment of all dividends. Stockholder returns over the indicated period are based on historical data and are not necessarily indicative of future stockholder returns.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN Among ACM Research, Inc., the Nasdaq Index, and the Russell 1000 Index



	11/3/17	12/29/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24
ACM Research, Inc.	\$ 100	\$ 87	\$ 180	\$ 305	\$ 1,343	\$ 1,409	\$ 382	\$ 969	\$ 749
Russell 1000 Index	\$ 100	\$ 103	\$ 97	\$ 124	\$ 148	\$ 157	\$ 123	\$ 183	\$ 225
Nasdaq Composite Index	\$ 100	\$ 102	\$ 98	\$ 133	\$ 191	\$ 231	\$ 155	\$ 222	\$ 285

Item 6. [Reserved]

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

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements and related notes included in this report. In addition to historical information, the following discussion contains forward-looking statements that involves risks, uncertainties and assumptions. See "Forward-Looking Statements and Statistical Data" at page 3 of this report. Please read "Item 1A. Risk Factors" for a discussion of factors that could cause our actual results to differ materially from our expectations

Overview

ACM Research was incorporated in California in 1998 and redomesticated in Delaware in 2016. We perform strategic planning, marketing, and financial activities at our global corporate headquarters in Fremont, California. ACM Research is neither a mainland China operating company nor do we conduct our operations in mainland China through the use of VIEs.

We supply advanced, innovative capital equipment developed for the global semiconductor industry. Fabricators of advanced integrated circuits, or chips, can use our wet-cleaning and other front-end processing tools in numerous steps to improve product yield, even at increasingly advanced process nodes. We have designed these tools for use in fabricating foundry, logic and memory chips, including DRAM 3D NAND-flash memory chips, power semiconductor and compound semiconductor chips. We also develop, manufacture and sell a range of advanced packaging tools to wafer assembly and packaging customers.

We are focused on building a strategic portfolio of intellectual property to support and protect our key innovations. Our tools have been developed using our key proprietary technologies:

- *SAPS technology for flat and patterned wafer surfaces*, which employs alternating phases of megasonic waves to deliver megasonic energy in a highly uniform manner on a microscopic level;
- *TEBO technology for patterned wafer surfaces at advanced process nodes*, which provides effective, damage-free cleaning for 2D and 3D patterned wafers with fine feature sizes;
- *Tahoe technology for cost and environmental savings*, which delivers high cleaning performance using significantly less sulfuric acid and hydrogen peroxide than is typically consumed by conventional high-temperature single-wafer cleaning tools; and
- *ECP technology for advanced metal plating*, which includes Ultra ECP ap, or Advanced Packaging, technology for back-end assembly processes, Ultra ECP 3d for through-silicon-via, or tsv, and Ultra ECP map, or Multi-Anode Partial Plating, technology for front-end wafer fabrication processes.

In 2022, 2023 and 2024 we introduced and delivered a range of new tools intended to broaden our revenue opportunity with global semiconductor manufacturers. Product extensions include the Ultra SFP ap tool for advanced packaging solutions, the Ultra C VI 18-chamber single wafer cleaning tool for advanced memory devices, and the Ultra ECP 3d platform for through-silicon-via, or tsv, application. New product lines include the Ultra fn Furnace, our first dry processing tool, and a suite of semi-critical cleaning systems which include single wafer back side cleaning, scrubber, and auto bench cleaning tools.

We added two major new product categories in 2022 with the launch of the Ultra Pmax™ PECVD tool, which is equipped with a proprietary designed chamber, gas distribution unit and chuck, and is intended to provide better film uniformity, reduced film stress, and improved particle performance, and the introduction of the Ultra Track tool, a 300mm process tool that delivers uniform air downflow, fast robot handling and customizable software to address specific customer requirements, and has multiple features that enhance performance across defectivity, throughput, and cost of ownership.

We conduct a substantial majority of our product development, manufacturing, support and services in mainland China, with additional product development and subsystem production in Korea. Substantially all of our tools are built to order at our Chuansha manufacturing facilities in the Pudong region of Shanghai. In the three-months ended December 31, 2024, we began initial operations at our Lingang development and production center. The facility, when fully completed, is intended incorporate state-of-the-art manufacturing systems and automation technologies to expand our production capacity and support additional research and development activities. See “Item 2. Properties,” of Part I of this report.

Our experience has shown that chip manufacturers in mainland China and throughout Asia demand equipment meeting their specific technical requirements and prefer building relationships with local suppliers. We will continue to seek to leverage our local presence to address the growing market for semiconductor manufacturing equipment in the region by working closely with regional chip manufacturers to understand their specific requirements, encourage them to adopt our SAPS, TEBO, Tahoe, ECP, furnace, PECVD, Track, and other technologies, and enable us to design innovative products and solutions to address their needs.

Our Independent Registered Public Accounting Firm

The U.S. Holding Foreign Companies Accountable Act, or the HFCA Act, requires that the Public Company Accounting Oversight Board, or the PCAOB, determine whether it is unable to inspect or investigate completely registered public accounting firms located in a non-U.S. jurisdiction because of a position taken by one or more authorities in any non-U.S.

jurisdiction. Ernst & Young Hua Ming LLP, or E&Y our independent registered public accounting firm for the fiscal year ended December 31, 2024, is based in mainland China. Should the PCAOB determine that it is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including E&Y, ACM Research could be transferred to the SEC's "Conclusive list of issuers identified under the HFCA," ("Conclusive List"). See "Item 1A. Risk Factors—Risks Related to International Aspects of Our Business—We could be adversely affected if we are unable to comply with recent and proposed legislation and regulations regarding improved access to audit and other information and audit inspections of accounting firms operating in mainland China" of this report for more information. Under current regulations, if ACM Research were to be included on the Conclusive List for two consecutive years due to our independent auditor being located in a jurisdiction that does not allow for PCAOB inspections, the SEC would prohibit trading in our securities and this ultimately could cause our securities to be delisted in the U.S., and their value may significantly decline or become worthless.

STAR Listing and IPO

On November 18, 2021, ACM's operating subsidiary ACM Shanghai completed:

- a listing, which we refer to as the STAR Listing, of shares of ACM Shanghai on the Shanghai Stock Exchange's SciTech innovAtion boaRd, known as the STAR Market; and
- a concurrent initial public offering, which we refer to as the STAR IPO, of ACM Shanghai shares in mainland China, at a pre-offering valuation of not less than RMB 5.15 billion (\$747.1 million).

ACM Shanghai's shares began trading on the STAR Market under the stock code 688082. In the STAR IPO, ACM Shanghai issued 43,355,753 shares, representing ten percent of the total 433,557,100 shares outstanding after the STAR IPO. The shares were issued at a public offering price of RMB 85.00 per share, and the proceeds of the STAR IPO totaled approximately \$545.5 million, net of fees and expenses. Upon completion of the STAR IPO, ACM owned approximately 82.5% of the outstanding ACM Shanghai shares. As of December 31, 2024, ACM's ownership declined to 81.5% due to the exercise of 2,150,309, and 3,033,344 stock options in May 2023 and December 2024, respectively, related to ACM Shanghai shares (note 17).

We believe the STAR Listing will continue to help scale our business in mainland China, and we continue to seek to broaden our markets in Europe, Japan, Korea, Taiwan and the United States. Our global headquarters are located in Fremont, California, and we are committed to maintaining the listing of Class A common stock on the Nasdaq Global Market.

ACM Shanghai Dividend

During the year ended December 31, 2024, ACM Research's principal operating subsidiary, ACM Shanghai (SSEC: 688082.SS), paid a cash dividend for an aggregate total of approximately RMB 273.2 million (\$38.4 million) to the stockholders of ACM Shanghai, including ACM Research, which owned 82.0% of the outstanding shares of ACM Shanghai at the time. ACM Research intends to use the net proceeds for working capital and general corporate purposes.

ACM Shanghai Proposed Private Offering

In January 2024, ACM Research announced ACM Shanghai's intended plan to offer up to 43.6 million of its ordinary shares, subject to market conditions, the approval of ACM Shanghai's stockholders, completion of the review process by the Shanghai Stock Exchange, completion of the registration process by the China Securities Regulatory Commission, and other factors, in a private offering to qualified buyers, in compliance with the requirements of the China Securities Regulatory Commission, which would constitute up to 10% of ACM Shanghai's share capital prior to the transaction (the "Private Offering").

ACM Research estimates that if consummated in full, the proposed Private Offering would generate gross proceeds of up to RMB 4.5 billion (\$642.2 million) to ACM Shanghai, whose management would have broad discretion over the use of such proceeds. It is unlikely that any of such proceeds would be distributed to ACM Research. ACM Research's equity interest in

ACM Shanghai, if the proposed Private Offering is consummated in full, would decline from 81.5% to approximately 74.1%. As of December 31, 2024 and the date of this report, the proposed Private Offering has not been completed.

Addition of ACM Shanghai and ACM Korea to U.S. Entity List

Effective on December 2, 2024, the U.S. Department of Commerce's Bureau of Industry and Security ("BIS") promulgated a final rule naming a number of companies to the BIS Entity List (the "BIS Entity List"). Among the 140 companies added to the BIS Entity List were two subsidiaries of ACM Research, ACM Shanghai, located in the People's Republic of China, and ACM Korea, a direct subsidiary of ACM Shanghai, which is located in the Republic of Korea, and other related entities. In general terms, the new BIS Entity List designations prohibit any party worldwide from furnishing hardware, software, or technologies that are subject to U.S. export controls jurisdiction to ACM Shanghai or ACM Korea. See "Item 1A. Risk Factors—Regulatory Risks—Our operations in mainland China and Korea, including the import of components, technology, and activities of U.S. personnel therein, may be further impacted by the addition of ACM Shanghai, ACM Korea and related entities to the BIS Entity List" of this report for more information.

Restrictions Imposed by the U.S. Department of Commerce on Mainland China-Based Semiconductor Producers

In early October 2022 the U.S. government enacted new rules aimed at restricting U.S. support for mainland China's ability to manufacture advanced semiconductors. The rules included new export license requirements for exports, re-exports or transfers to or within mainland China of additional types of semiconductor manufacturing items, items for use in manufacturing designated types of semiconductor manufacturing equipment in mainland China, and semiconductor manufacturing equipment for use at certain IC manufacturing and development facilities in mainland China. In addition, the U.S. government imposed new restrictions by which U.S. persons anywhere in the world are effectively barred from engaging in certain activities related to the development and production of certain semiconductors at mainland China fabrication facilities meeting specified criteria, even if no items subject to the U.S. Export Administration Regulations (EAR) are involved. These restrictions were later updated to extend to Macau.

In October 2023, the U.S. government revised and expanded the October 2022 controls with the release of additional rules. While the release primarily clarified the October 2022 regulations, certain changes have the potential to be more significant. In particular, the U.S. government expanded license requirements on additional types of semiconductors, semiconductor manufacturing items, and items for use in manufacturing certain types of semiconductor manufacturing equipment, and also expanded the scope to include additional countries beyond mainland China and Macau.

ACM Shanghai has determined that several of its customers have mainland China-based facilities that meet the restricted criteria set out in the October 2022 and October 2023 rules, and has also determined that several of its products, and/or components for its products, may meet the parameters of export control classification numbers, or ECCNs, affected by the restrictions. ACM and ACM Shanghai have implemented modifications to their existing business policies and practices in response to the October 2022 restrictions, including by imposing limitations on the activities of their U.S. persons and undertaking measures in connection with their supply chains more broadly to comply with the new regulations. ACM Shanghai is continuing to assess the impact of the October 2023 changes, together with the October 2022 rules, and will continually adjust or modify its policies and practices as required to comply with these or other related updates. Based on our ongoing review, we believe these regulations may directly impact ACM Shanghai's ability to meet its future production plans, or indirectly impact the spending plans of ACM Shanghai's customer base. ACM may not be able to import, or may face substantial restrictions in importing, certain parts from the United States or parts subject to U.S. export controls from outside the United States to support tool shipments to such facilities, or to be embedded into tools defined by affected ECCNs.

ACM and ACM Shanghai believe that as a result of the October 2022 and October 2023 restrictions, several ACM Shanghai customers have significantly reduced production and related capital spending at facilities meeting the restricted advanced node capabilities. In addition, ACM Shanghai has experienced challenges as the companies in its supply chain adapt their policies to the new regulations. These factors had an adverse impact on ACM Shanghai's shipments and sales for the twelve months ended December 30, 2023.

During the twelve months ended December 30, 2023, two prominent exporters of advanced semiconductor manufacturing equipment, the Netherlands and Japan, announced and began to implement plans to join the United States in imposing semiconductor-focused export controls.

On May 23, 2023, the Japanese government issued the final amendment to an ordinance implementing new export controls to require licensing for export of certain advanced semiconductor manufacturing equipment, effective as of July 23, 2023. The amendment expands the scope of export controls to prohibit (1) exporting twenty-three additional categories of items relating to semiconductor manufacturing and (2) providing technology relating to manufacturing, development or use of these categories of items, in both cases, without an advance license. While the expanded export controls apply to exports to any jurisdiction, exports to certain jurisdictions, such as the United States, are expected to be permitted by certain types of broad general licenses. However, it remains to be seen whether the Japanese government will authorize any exports of these items to mainland China by a limited general license or specific license, if at all.

On June 30, 2023, the Government of the Netherlands published additional export control measures for advanced semiconductor manufacturing equipment. The Regulation on Advanced Semiconductor Manufacturing Equipment took effect on September 1, 2023. From that point on, the export of certain advanced semiconductor manufacturing equipment, as specified in the Annex to the Regulation, has been subject to a national export license authorization requirement by the Dutch Central Import and Export Service.

As a result of the new restrictions imposed by the Japanese and Dutch governments, ACM Shanghai and/or several of its customers in mainland China may be impacted by, and required to reduce their production capabilities due to, the lack of, or reduced, ability to source items relating to semiconductor manufacturing from Japan and the Netherlands.

See “Part II. Item 1A – Risk Factors – Regulatory Risks – Our ability to sell our tools to customers in mainland China has been impacted, and will likely continue to be materially and adversely impacted, by export license requirements, other regulatory changes, or other actions taken by the U.S. or other governmental agencies” for more information.

Key Components of Results of Operations

Revenue

We develop, manufacture and sell innovative capital equipment to the global semiconductor industry. Since we sell tools to a small number of customers and we customize those tools to fulfill the customers’ specific requirements, our revenue generation fluctuates, depending on the length of the sales, development and evaluation phases:

- *Sales and Development.* During the sale process we may, depending on a prospective customer’s specifications and requirements, need to perform additional research, development and testing to establish that a tool can meet the prospective customer’s requirements. Sales cycles for orders that require limited customization and do not require that we develop new technology usually take from 6 to 12 months, while the product life cycle, including the initial design, demonstration and final assembly phases, for orders requiring development and testing of new technologies can take as long as 2 to 4 years. As we expand our customer base, we expect to gain more repeat purchase orders for tools that we have already developed and tested, which we believe will reduce the need for a demonstration phase and shorten the development cycle.
- *Evaluation Periods.* When a chip manufacturer proposes to purchase a particular type of tool from us for the first time, we offer the manufacturer an opportunity to evaluate the tool for a period that can extend for 24 months or longer. In some cases, we do not receive any payment on first-time purchases until the tool is accepted. As a result, we may spend more than \$2.0 million to produce a tool without receiving payment for more than 24 months or, if the tool is not accepted, without receiving any payment. Please see “Item 1A. Risk Factors—Risks Related to Our Business and Our Industry—We may incur significant expenses long before we can recognize revenue from new products, if at all, due to the costs and length of research, development, manufacturing and customer evaluation process cycles.”
- *Purchase Orders.* In accordance with industry practice, sales of our tools are made pursuant to purchase orders. Each purchase order from a customer for one of our tools contains specific technical requirements intended to ensure, among other things, that the tool will be compatible with the customer’s manufacturing process line. Until a purchase order

is received, we do not have a binding purchase commitment. Some of our customers to date have provided us with non-binding one- to two-year forecasts of their anticipated demands, and we expect future customers to furnish similar non-binding forecasts for planning purposes. Any of those forecasts would be subject to change, however, by the customer at any time, without notice to us.

- *Fulfillment.* We seek to obtain a purchase order for a tool at least three to four months in advance of the expected delivery date. Depending upon the nature of a customer's specifications, the lead time for production of a tool generally will extend from two to four months. The lead-time can be more than six months, however, and in some cases, we may need to begin producing a tool based on a customer's non-binding forecast, rather than waiting to receive a binding purchase order.

We expect our sales prices generally to range from \$0.5 million to more than \$5 million for our production tools. The sales price of a particular tool will vary depending upon the required specifications. We have designed equipment models using a modular configuration that we customize to meet customers' technical specifications. For example, our Ultra C models for SAPS, TEBO, Tahoe and other solutions use common modular configurations that enable us to create a wet-cleaning tool meeting a customer's specific requirements, while using pre-existing designs for chamber, electrical, chemical delivery and other modules.

Because of the relatively high purchase prices of our tools, customers generally pay in installments. For a customer's repeat purchase of a particular type of tool, the specific payment terms are negotiated in connection with acceptance milestones of a purchase order. Based on our experience with repeat sales of our tools, we expect that we will receive an initial payment upon delivery of a tool in connection with a repeat purchase, with the balance being paid after the tool has been tested and accepted by the customer. Our sales arrangements for repeat purchases do not include a general right of return.

Substantially all of our sales since our inception were to customers located in Asia, and we anticipate that a substantial majority of our revenue will continue to come from customers located in this region for the near future. We have increased our sales efforts to penetrate the markets in North America and Western Europe.

We utilize ASC 606 which was adopted in 2018 set forth in Accounting Standards Update, or ASU, No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, of the Financial Accounting Standards Board, or FASB, regarding the recognition, presentation and disclosure of revenue in our financial statements as described below under "—Critical Accounting Estimates—Revenue Recognition."

We offer extended maintenance service contracts to provide services such as trouble-shooting or fine-tuning tools, and installing spare parts, following expiration of applicable initial standard assurance type warranty coverage periods, which for sales to date have extended from 12 to 36 months as described under "—Critical Accounting Estimates—Warranty." In 2024, 2023, and 2022, we received payments for parts and labor for service activities provided from time to time, but as of December 31, 2024 we had not yet entered into extended maintenance service contracts with respect to the substantial majority of tools for which initial warranty coverage had expired. We expect to enter into extended maintenance service contracts with customers as additional initial warranties expire, but we do not expect revenue from extended maintenance service contracts to represent a material portion of our revenue in the future.

The loss or delay of multiple large sale transactions in a quarter could impact our results of operations for that quarter and any future quarters for which revenue from that transaction is lost or delayed, as described under "Item 1A. Risk Factors—Risks Related to Our Business and Our Industry—Our quarterly operating results can be difficult to predict and can fluctuate substantially, which could result in volatility in the price of Class A common stock." It is difficult to predict accurately when, or even if, we can complete a sale of a tool to a potential customer or to increase sales to any existing customer. Our tool demand forecasts are based on multiple assumptions, including non-binding forecasts received from customers years in advance, each of which may introduce error into our estimates. Difficulties in forecasting demand for our tools make it difficult for us to project future operating results and may lead to periodic inventory shortages or excess spending on inventory or on tools that may not be purchased, as further described in "Item 1A. Risk Factors—Risks Related to Our

Business and Our Industry—Difficulties in forecasting demand for our tools may lead to periodic inventory shortages or excess spending on inventory items that may not be used.”

Cost of Revenue

Cost of revenue for capital equipment consists primarily of:

- direct costs, which consist principally of costs of tool components and subassemblies purchased from third-party vendors;
- compensation of personnel associated with our manufacturing operations, including stock-based compensation;
- depreciation of manufacturing equipment;
- amortization of costs of software used for manufacturing purposes;
- other expenses attributable to our manufacturing department;
- inventory provision; and
- allocated overhead for rent and utilities.

We are not party to any long-term purchasing agreements with suppliers. Please see “Item 1A. Risk Factors—Risks Related to Our Business and Our Industry—Our customers do not generally enter into long-term purchase commitments, and they may decrease, cancel or delay their projected purchases at any time.”

As our customer base and tool installations continue to grow, we may need to hire additional manufacturing personnel. The rates at which we add customers and install tools will affect the level and time of this spending. In addition, because we often import components and spare parts from various foreign countries, we have experienced, and expect to continue to experience, the effect of the currency fluctuations on our cost of revenue.

Gross Margin

We generally expect gross margin to range between 42% and 48% for the foreseeable future, with direct manufacturing costs approximating 50% to 55% of revenue and overhead costs totaling approximately 5% of revenue.

We seek to maintain our gross margin by continuing to develop proprietary technologies that avoid pricing pressure for our wet cleaning equipment. We actively manage our operations through principles of operational excellence designed to ensure continuing improvement in the efficiency and quality of our manufacturing operations by, for example, implementing factory constraint management and change control and inventory management systems. In addition, our purchasing department actively seeks to identify and negotiate supply contracts with improved pricing to reduce cost of revenue.

A significant portion of our raw materials are denominated in the RMB, while the majority of our purchase orders from customers are denominated in U.S. dollars. As a result, fluctuations in currency exchange rates may have a significant effect on our gross margin.

Operating Expenses

We have experienced, and expect to continue to experience, growth in the absolute dollar amount of our operating expenses, as we invest to support the anticipated growth of our customer base and the continued development of proprietary technologies.

Sales and Marketing

Sales and marketing expense consists primarily of:

- compensation of personnel associated with pre- and after-sales support and other sales and marketing activities, including stock-based compensation;
- sales commissions paid to independent sales representatives;
- fees paid to sales consultants;

- cost of trade shows;
- cost of promotional tools to potential new customers;
- travel and entertainment; and
- allocated overhead for rent and utilities.

Sales and marketing expense can be significant and may fluctuate, in part because of the resource-intensive nature of our sales efforts and the length and variability of our sales cycle. The length of our sales cycle, from initial contact with a customer to the execution of a purchase order, is generally 6 to 24 months.

During the sales cycle, we expend significant time and money on sales and marketing activities, including educating customers about our tools, participating in extended tool evaluations and configuring our tools to customer-specific needs. Sales and marketing expense in a given period can be particularly affected by the increase in travel and entertainment expenses associated with the finalization of purchase orders or the installation of tools.

Research and Development

Research and development expense relates to the development of new products and processes and encompasses our research, development and customer support activities. Research and development expense consists primarily of:

- compensation of personnel associated with our research and development activities, including stock-based compensation;
- costs of components and other research and development supplies;
- costs of tools built for product development purposes;
- travel expense associated with the research of technical requirements for product development purposes and testing of concepts under consideration;
- amortization of costs of software used for research and development purposes; and
- allocated overhead for rent and utilities.

Some of our research and development has been funded by grants from the mainland China government, as described in “—mainland China Government Research and Development Funding” below.

General and Administrative

General and administrative expense consists primarily of:

- compensation of executive, accounting and finance, human resources, information technology, and other administrative personnel, including stock-based compensation;
- professional fees, including accounting and legal fees;
- other corporate expenses;
- credit losses; and
- allocated overhead for rent and utilities.

Stock-Based Compensation Expense

We grant stock options to employees and non-employee consultants and directors, and we account for those stock-based awards in accordance with ASC Topic 718, *Compensation—Stock Compensation*.

- Stock-based awards granted to employees and non-employees are measured at the fair value of the awards on the grant date and are recognized as expenses either (a) immediately on grant, if no vesting conditions are required, or (b) using the graded vesting method, net of estimated forfeitures, over the requisite service period. The fair value of stock options is determined using the Black-Scholes valuation model when there are service and performance condition attached, or the Monte Carlo valuation model when there is market condition attached. Stock-based compensation expense, when recognized, is charged to cost of revenue or to the category of operating expense corresponding to the service function of the employee or non-employee.

- We also grant discounts to employees when they subscribe for the new shares of ACM Shanghai.

Mainland China Government Research and Development Funding

ACM Shanghai has received seven special government grants. The first grant, which was awarded in 2008, relates to the development and commercialization of 65nm to 45nm stress-free polishing technology. The second grant was awarded in 2009 to fund interest expense on short-term borrowings. The third grant was made in 2014 and relates to the development of electro copper-plating technology. The fourth grant was made in June 2018 and related to development of polytetrafluoroethylene. The fifth grant was made in 2020, and relates to the development of Tahoe single bench cleaning technologies. As of December 31, 2021, the fourth and fifth grants had been fully utilized. The sixth grant was made in 2020, and relates to the development of other cleaning technologies. The seventh grant was made in 2021, and relates to the development of the R&D and production center in the Lin-gang Special Area of Shanghai. These governmental authorities provide significant funding, although ACM Shanghai and ACM Lingang is also required to invest certain amounts in the projects.

The governmental grants contain certain operating conditions, and we are required to go through a government due diligence process once the project is complete. The grants therefore are recorded as long-term liabilities upon receipt, although we are not required to return any funds ACM Shanghai receives. Grant amounts are recognized in our statements of comprehensive income (loss) as follows:

- Government subsidies relating to current expenses are recorded as reductions of those expenses in the periods in which the current expenses are recorded. For the years ended December 31, 2024, 2023, and 2022, related government subsidies recognized as reductions of relevant expenses in the consolidated statements of comprehensive income (loss) were \$0.5 million, \$1.7 million and \$1.2 million, respectively.
- Government subsidies related to depreciable assets are credited to income over the useful lives of the related assets for which the grant was received. Government subsidies related to VAT reduction are credited to income in the period received. For the years ended December 31, 2024, 2023, and 2022, related government subsidies recognized as other income in the consolidated statements of comprehensive income (loss) were \$2.0 million, \$0.4 million, and \$0.3 million, respectively.

Unearned government subsidies received are deferred for recognition and recorded as other long-term liabilities (see note 12 in the Notes to Consolidated Financial Statements included herein under “Item 8. Financial Statements and Supplementary Data.”) in the consolidated balance sheet until the criteria for such recognition are satisfied.

Net Income Attributable to Non-Controlling Interests and Redeemable Non-Controlling Interests

In 2019 ACM Shanghai sold a total number of shares representing 8.3% of its outstanding ACM Shanghai shares, after which ACM Research held the remaining 91.7% of ACM Shanghai’s outstanding shares. In 2021 ACM Shanghai sold a total number shares representing an additional 10% of its outstanding ACM Shanghai shares in its STAR IPO, after which ACM Research held the remaining 82.5% of ACM Shanghai’s outstanding shares. During the year-ended December 31, 2024, ACM's ownership declined to 81.5% due to the exercise of stock options related to ACM Shanghai shares (note 17). As a result, we reflect the portion of our net income allocable to the minority holders of ACM Shanghai shares as net income attributable to non-controlling interests.

Critical Accounting Policies and Estimates

In preparing our consolidated financial statements in conformity with GAAP, we make assumptions, judgments and estimates in applying our accounting policies that can have a significant impact on our revenue, operating income and net income, as well as on the value of certain assets and liabilities on our consolidated balance sheets. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. At least quarterly, we evaluate our assumptions, judgments and estimates and make changes as deemed necessary. Actual results could differ materially from these estimates under different assumptions or conditions.

We believe that the assumptions, judgments and estimates involved in the accounting for the following accounting policies have the greatest potential impact on our consolidated financial statements, and we therefore consider these to be our critical accounting estimates. For information on our significant accounting policies, see Note 2 in the notes to consolidated financial statements.

Revenue Recognition

We derive revenue principally from the sale of semiconductor capital equipment. Revenue from contracts with customers is recognized using the following five steps pursuant to ASC Topic 606, *Revenue from Contracts with Customers*:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when, or as, a performance obligation is satisfied.

Identify the contract(s) with a customer. We generally consider written documentation including, but not limited to, signed purchase orders, master agreements, and sales orders as contracts, provided it has approval and commitment from the customer, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collection is probable. Collectability is assessed based on our management's assessment of the customer's creditworthiness, historical payment experience, as well as other relevant factors.

Identify the performance obligations in the contract. Performance obligations are accounted for separately if they are distinct. A good or service is distinct if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and the good or service is distinct in the context of the contract. Our performance obligations generally include sales of tools and spare parts. In addition, customer contracts can contain provisions for installation, training, software updates, most-favored pricing for spare parts, and other items which have been deemed immaterial in the context of the contract.

Determine the transaction price. The transaction price for our contracts with customers may include fixed and variable consideration. We include variable consideration in the transaction price to the extent that it is probable that a significant reversal of revenue will not occur in the future based on our historical experience with similar arrangements.

Allocate the transaction price to the performance obligations in the contract. For contracts that contain multiple performance obligations, primarily those that include multiple tools, or spare parts sold together with tools, the Company allocates the transaction price to the performance obligations on a relative standalone selling price basis. The Company recognizes contract liabilities associated with unsatisfied performance obligations, based on the stand-alone observable selling prices or using an expected cost-plus-margin approach when a stand-alone selling price is not directly observable, and recognizes revenue as the related performance obligations are satisfied.

Recognize revenue when, or as, a performance obligation is satisfied. We recognize revenue from tools and spare parts at a point in time, when we have satisfied our performance obligation. Our sales arrangements do not include a general right of return. For shipments made to a customer that has not previously accepted a specific type of tool in the past, or first tools, revenues are recognized when the goods are accepted by the customer. For shipments made to a customer that has previously accepted a specific type of tool, revenues are recognized upon shipment or delivery because we can objectively demonstrate that the goods meet all the required customer specifications.

Stock-based compensation

We account for grants of stock options based on their grant date fair value and recognize compensation expense over the vesting periods. We estimate the fair value of the stock options granted with a service period-based condition and/or

performance condition at the date of grant using the Black-Scholes option pricing model. We estimate the fair value of the stock options granted with a market-based condition at the date of grant using the Monte Carlo simulation model.

For options granted with a service period-based and/or performance condition, we estimate the fair value of these stock option grants using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including (a) Fair value of share of common stock, (b) the risk-free interest rate, (c) volatility, and (d) the expected term of the award.

- We use the market closing price for the Class A common stock as reported on the Nasdaq Global Market to determine the fair value of the Class A common stock. We use the market closing price for the ACM Shanghai's common stock as reported on the STAR Market to determine the fair value of ACM Shanghai's common stock.
- For options granted by ACM Research, risk-free interest rate is based on the yields of U.S. Treasury securities with maturities similar to the expected term of the share options in effect at the time of grant. For options granted by ACM Shanghai, risk-free interest rate is based on the yields of RMB deposit in mainland China with maturities similar to the expected term of the share options in effect at the time of grant.
- We use historical volatility of our shares in the period equal to the expected term of each grant.
- The expected term of share options is based on the average of the vesting period and the contractual term for each grant.

Inventory

Inventories consist of finished goods, raw materials, work-in-process and consumable materials. Finished goods are comprised of direct materials, direct labor, depreciation and manufacturing overhead. Inventory is stated at the lower of cost and net realizable value. Our costing of inventories is principally determined by the weighted average cost method for raw materials.

We assess the recoverability of all inventories to determine if any adjustments are required. We recognize a loss or impairment if in our judgement the inventory cannot be sold or used for production, if it has been damaged or should be considered as obsolete, or if the net realizable value is lower than the cost. We also assess the status of our raw materials. We recognize a loss or impairment for any raw materials aged more than three years. The three-year aging is based on our assessment of technology change, our requirement to maintain stock, and other factors. For raw materials aged less than three years of age, we recognize a specific loss or impairment if we determine the item does not have future use or is otherwise impaired. Actual demand may differ from forecasted demand, and those differences may have a material effect on recorded inventory values.

Allowance for Credit Losses

Accounts receivables are reflected in our consolidated balance sheets at their estimated collectible amounts. A substantial majority of our accounts receivable are derived from sales to large multinational semiconductor manufacturers in Asia. We assess collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when we identify specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, we consider historical collectability based on past due status, the age of the accounts receivable balances, credit quality of our customers based on ongoing credit evaluations, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect our ability to collect from customers.

Income Taxes

Income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured

using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance would be provided for the deferred tax assets if it is more likely than not that the related benefit will not be realized.

On a quarterly basis, we provide income tax provisions based upon an estimated annual effective income tax rate. The effective tax rate is highly dependent upon the geographic composition of worldwide earnings, tax regulations governing each region, availability of tax credits and the effectiveness of our tax planning strategies. We carefully monitor the changes in many factors and adjust our effective income tax rate on a timely basis. If actual results differ from these estimates, this could have a material effect on our financial condition and results of operations.

We maintained a partial valuation allowance as of December 31, 2024 with respect to certain net deferred tax assets based on our estimates of recoverability. We determined that the partial valuation allowance was appropriate given our historical operating losses and uncertainty with respect to our ability to generate profits from our business model sufficient to take advantage of the deferred tax assets in all applicable tax jurisdictions.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. In accordance with the authoritative guidance on accounting for uncertainty in income taxes, we recognize liabilities for uncertain tax positions based on the two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained in audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than fifty percent likely of being realized upon ultimate settlement. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Any change in these factors could result in the recognition of a tax benefit or an additional charge to the tax provision.

Interest and penalties related to uncertain tax positions are recorded in the provision for income tax expense on the consolidated statements of comprehensive income (loss).

Warranty

We have provided standard assurance type warranty coverage on our tools for 12 to 36 months, covering labor and parts necessary to repair a tool during the warranty period. Warranty obligations are affected by historical failure rates and associated replacement costs. Utilizing historical warranty cost records, we calculate a rate of warranty expenses to revenue to determine the estimated warranty charge. We update these estimated charges on a regular basis. The actual product performance and field expense profiles may differ, and in those cases, we adjust our warranty accruals accordingly.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements we expect will have an impact when adopted, see note 2 in the Notes to Consolidated Financial Statements included herein under “Item 8. Financial Statements and Supplementary Data.”

Results of Operations

The following table sets forth our results of operations for the periods presented, as percentages of revenue.

	Year Ended December 31,		
	2024	2023	2022
Revenue	100.0 %	100.0 %	100.0 %
Cost of revenue	49.9	50.5	52.8
Gross margin	50.1	49.5	47.2
Operating expenses:			
Sales and marketing	8.4	8.4	10.3
Research and development	13.5	16.6	16.0
General and administrative	8.9	7.3	5.8
Total operating expenses, net	30.8	32.3	32.0
Income from operations	19.3	17.2	15.2
Interest income, net	0.7	1.0	1.8
Realized gain from sale of short-term investments	0.2	1.6	0.3
Unrealized gain (loss) on short-term investments	0.1	-0.5	-2.0
Other income (expense), net	0.8	-0.3	0.9
Income from equity method investments	0.1	1.8	1.2
Income before income taxes	21.2	20.8	17.4
Income tax expense	-4.5	-3.5	-4.3
Net income	16.7	17.3	13.0
Less: Net income attributable to non-controlling interests	3.5	3.5	2.9
Net income attributable to ACM Research, Inc.	13.2 %	13.8 %	10.1 %

Comparison of Years Ended December 31, 2024, 2023, and 2022

Revenue

	Year Ended December 31,			%	%
	2024	2023	2022		
	<i>(in thousands)</i>			2024 v	2023 v
Single wafer cleaning, Tahoe and semi-critical cleaning equipment	\$ 578,887	\$ 403,851	\$ 272,939	43.3 %	48.0 %
ECP (front-end and packaging), furnace and other technologies	151,057	103,356	77,482	46.2 %	33.4 %
Advanced packaging (excluding ECP), services & spares	52,174	50,516	38,411	3.3 %	31.5 %
Total Revenue By Product Category	\$ 782,118	\$ 557,723	\$ 388,832	40.2 %	43.4 %

	Year Ended December 31,		
	2024	2023	2022
	<i>(in thousands)</i>		
Mainland China	\$ 775,752	\$ 540,969	\$ 377,752
Other Regions	6,366	16,754	11,080
	\$ 782,118	\$ 557,723	\$ 388,832

The increase in revenue for 2024 compared to 2023 was driven by higher sales of single wafer cleaning, Tahoe and semi-critical cleaning equipment, ECP (front-end and packaging), furnace and other technologies, and advanced packaging (excluding ECP), services & spares. We attribute the revenue growth to continued investments in mature process nodes by current and new mainland China-based customers amidst an ongoing target to achieve a greater share of the global semiconductor market, incremental contribution from our new products, and better penetration of our product portfolio across our customer base.

The increase in revenue for 2023 compared to 2022 was driven primarily by higher sales of single wafer cleaning, Tahoe and semi-critical cleaning equipment, and increased contribution from newer ECP (front-end and packaging), furnace and other technologies. Our Shanghai production operations were adversely impacted in the first half of 2022 to COVID-19-related restrictions, with a return to more normal operations in the second half of the year. The U.S. export regulations imposed in October of 2022 had an adverse impact on ACM Shanghai's shipments and sales in the fourth quarter of 2022.

Cost of Revenue and Gross Margin

	Year Ended December 31,			% Change 2024 v 2023	% Change 2023 v 2022
	2024	2023	2022		
	<i>(in thousands)</i>				
Cost of revenue	\$ 390,564	\$ 281,508	\$ 205,217	38.7 %	37.2 %
Gross profit	391,554	276,215	183,615	41.8 %	50.4 %
Gross margin	50.1 %	49.5 %	47.2 %	0.5	2.30

Cost of revenue and gross profit increased in 2024 as compared to 2023 due to the increased sales volume and an increase in gross margin. The increased gross margin versus the prior-year period was primarily due to improved gross margins for certain products and overall product mix.

Cost of revenue and gross profit increased in 2023 as compared to 2022 due to the increased sales volume and an increase in gross margin. The increased gross margin versus the prior-year period was primarily due to a higher mix of ECP (front-end and packaging), furnace, and other technologies, and a positive impact due to a change in the RMB to U.S. dollar currency exchange rate.

Gross margin may vary from period to period, primarily related to the level of utilization and the timing and mix of revenue.

Operating Expenses

	Year Ended December 31,			% Change 2024 v 2023	% Change 2023 v 2022
	2024	2023	2022		
	<i>(in thousands)</i>				
Sales and marketing expense	\$ 65,447	\$ 47,019	\$ 39,889	39.2 %	17.9 %
Research and development expense	105,473	92,709	62,226	13.8 %	49.0 %
General and administrative expense	69,636	40,648	22,465	71.3 %	80.9 %
Total operating expenses	\$ 240,556	\$ 180,376	\$ 124,580	33.4 %	44.8 %

Sales and marketing expense increased in 2024 as compared to 2023, and reflected an increase of \$8.4 million due to higher personnel costs, an increase of \$4.9 million due to higher stock-based compensation, and increase of \$4.4 million from travel & entertainment and commissions, and an increase of \$0.7 million in professional & outside services and other expenses.

Sales and marketing expense increased in 2023 as compared to 2022, and reflected an increase of \$8.1 million due to higher costs for personnel, commissions, travel and entertainment and other costs, an increase of \$4.7 million due to higher costs for professional services, outside services and other costs, and an increase of \$3.8 million due to higher stock -based compensation, partly offset by a decrease of \$9.6 million for the cost of tools built for promotional purposes.

We expect that, for the foreseeable future, sales and marketing expense will increase in absolute dollars, as we continue to invest in sales and marketing by hiring additional employees and expanding marketing programs in existing or new markets. We must invest in sales and marketing processes in order to develop and maintain close relationships with customers. We are making dollar-based investments in order to support growth of our customer base in the United States, and the relative strength of the dollar could have a significant effect on our sales and marketing expense.

Research and development expense increased in 2024 as compared to 2023, reflecting an increase of \$10.1 million for personnel-related costs, an increase of \$5.7 million in stock-based compensation, and an increase of \$3.7 million in travel and entertainment and other costs to support product development, offset by a \$5.5 million decrease in supplies and spares used in product development activities and a \$1.2 million decrease in expenses for outside services.

Research and development expense represented 13.5% and 16.6% of our revenue in the years ended December 31, 2024 and 2023, respectively. Without reduction by grant amounts received from mainland China governmental authorities (see “—mainland China Government Research and Development Funding”), gross research and development expense totaled \$105.9 million, or 13.6% of total revenue, in the year ended December 31, 2024 as compared to \$94.5 million, or 16.9% of revenue, in the corresponding period in 2023.

Research and development expense increased in 2023 as compared to 2022, reflecting an increase of \$15.4 million in costs of components, costs of tools built for product development purposes, and costs of other research and development supplies, an increase of \$7.1 million for personnel-related costs, an increase of \$5.9 million in stock-based compensation, and an increase of \$4.2 million in travel and entertainment costs to support product development, professional services, and other research and development related expenses, offset by a decrease of \$2.1 million for outside services.

We expect that, for the foreseeable future, research and development expense will increase in absolute dollars as we continue to invest in research and development to advance our technologies. We intend to continue to invest in research and development to support and enhance our cleaning, plating, advanced packaging, furnace and future product offerings to build and maintain our technology leadership position.

General and administrative expense increased in 2024 as compared to 2023, reflecting an increase of \$10.8 million in allowance for credit losses, \$10.7 million in stock-based compensation, \$3.1 million in personnel costs, professional services, and \$4.3 million for travel & entertainment, depreciation and amortization, outside services, taxes and other general and administrative expenses.

General and administrative expense increased in 2023 as compared to 2022, reflecting an increase of \$9.0 million in stock based compensation, \$3.3 million in personnel and professional services costs, \$2.7 million in allowance for credit losses, and \$3.1 million for travel & entertainment, depreciation and amortization, outside services, taxes and other general and administrative expenses.

Stock-Based Compensation Expense

Cost of revenue and operating expenses during the periods presented below have included stock-based compensation as follows:

	Year Ended December 31,		
	2024	2023	2022
	<i>(in thousands)</i>		
Stock-Based Compensation Expense:			
Cost of revenue	\$ 2,385	\$ 1,406	\$ 520
Sales and marketing expense	10,552	5,684	1,877
Research and development expense	14,112	8,459	2,565
General and administrative expense	22,527	11,789	2,768
	\$ 49,576	\$ 27,338	\$ 7,730

Interest income, net, Other Income (expense), net

	Year Ended December 31,			% Change 2024 v 2023	% Change 2023 v 2022
	2024	2023	2022		
	<i>(in thousands)</i>				
Interest Income	\$ 9,935	\$ 8,354	\$ 8,740	18.9%	-4.4%
Interest Expense	(4,151)	(2,681)	(1,655)	54.8%	62.0%
Interest Income, net	\$ 5,784	\$ 5,673	\$ 7,085	2.0%	-19.9%
Other income (expense), net	\$ 6,334	\$ (1,558)	\$ 3,315	-506.5%	-147.0%

Interest income, net, increased slightly in 2024 compared to 2023, principally as a result of increase in interest income due to increase in cash balances, offset by increase in interest expenses incurred from a higher balance of total bank loans.

Interest income (expense), net, decreased in 2023 compared to 2022, principally as a result of reduced interest income from lower interest income on reduced cash balances, offset by increase in interest expenses incurred from a higher balance of total bank loans.

Other income (expense), net primarily reflects (a) gains or losses recognized from the impact of exchange rates on our foreign currency-denominated working-capital transactions and (b) government subsidies, as described under “—Government Research and Development Funding” above.

We realized \$6.3 million of other income in the year ended December 31, 2024, reflecting \$4.2 million in gains from the impact of exchange rates on transactions, and \$2.1 million from government subsidies and other items, as compared to \$2.0 million in losses from the impact of exchange rates on transactions, and \$0.5 million from government subsidies in the corresponding period in 2023.

We realized \$1.6 million of other expense in the year ended December 31, 2023, of which \$2.0 million was due to loss realized from transactions that resulted from changes in the RMB-to-U.S. dollar exchange rate, as compared to a foreign exchange gain of \$1.7 million in the corresponding period in 2022.

Realized gain and unrealized loss from short-term investments, and income from equity method investments

	Year Ended December 31,			% Change 2024 v 2023	% Change 2023 v 2022	Absolute Change 2024 v 2023
	2024	2023	2022			
	<i>(in thousands)</i>					
Realized gain from sale of short-term investments	\$ 1,788	\$ 9,047	\$ 1,116	(80.2)%	710.7 %	\$ (7,259)
Unrealized gain (loss) on short-term investments	\$ 973	\$ (2,737)	\$ (7,855)	(135.5)%	(65.2)%	\$ 3,710
Income from equity method investments	\$ 423	\$ 9,952	\$ 4,666	(95.7)%	113.3 %	\$ (9,529)

We recorded a realized gain on sale of short-term investments of \$1.8 million for the year ended December 31, 2024 as compared to a realized gain of \$9.0 million for the same period in 2023 primarily due to the sales of ACM Shanghai's indirect investment in publicly traded shares in the 2023 fiscal year.

We recorded an unrealized gain on short-term investments of \$1.0 million for the year ended December 31, 2024 as compared to an unrealized loss of \$2.7 million for the same period in 2023, due primarily to a change in market value of ACM Shanghai's indirect investment in publicly traded shares.

We recorded an unrealized loss on short-term investments of \$2.7 million for the year ended December 31, 2023 as compared to an unrealized loss of \$7.9 million for the same period in 2022, due primarily to a change in market value of ACM Shanghai's indirect investment in publicly traded shares.

Income from equity method investments for the year ended December 31, 2024 decreased by \$9.5 million compared to the year ended December 31, 2023 primarily due to a significant decrease in net income from equity method investments.

Income from equity method investments for the year ended December 31, 2023 increased by \$5.3 million compared to the year ended December 31, 2022 primarily due to higher net income from equity method investments.

Tax Benefit (Expense)

	Year Ended December 31,		
	2024	2023	2022
	<i>(in thousands)</i>		
Current:			
U.S. federal	\$ (483)	\$ (12,757)	\$ (479)
U.S. state	(2)	(150)	(18)
Foreign	(29,120)	(19,696)	(11,139)
Total current tax expense	<u>(29,605)</u>	<u>(32,603)</u>	<u>(11,636)</u>
Deferred:			
U.S. federal	(5,244)	7,316	(10,927)
U.S. state	(63)	63	8
Foreign	(119)	5,860	5,757
Total deferred tax benefit (expense)	<u>(5,426)</u>	<u>13,239</u>	<u>(5,162)</u>
Total income tax expense	<u>\$ (35,031)</u>	<u>\$ (19,364)</u>	<u>\$ (16,798)</u>

We recognized a tax expense of \$335.0 million for the year ended December 31, 2024 as compared to a tax expense of \$19.4 million for the prior year period. The increased tax expense in 2024 primarily resulted from the tax effect of increased operating profit generated.

As we collect and prepare necessary data, and interpret the guidance issued by the U.S. Treasury Department, the Internal Revenue Service, and other standard-setting bodies, we may make adjustments to the provisional amounts. Those adjustments may materially affect our provision for income taxes and effective tax rate in the period in which the adjustments are made.

Our effective tax rate differs from statutory rates of 21% for U.S. federal income tax purposes and 12.5% to 25% for mainland China income tax purposes due to the effects of the valuation allowance and certain permanent differences as it pertains to

book-tax differences in the treatment of stock-based compensation and non-U.S. research expenses. Our four mainland China subsidiaries, ACM Shanghai, ACM Wuxi, ACM Beijing, and ACM Lingang, are liable for mainland China corporate income taxes at the rates of 15%, 25%, 25%, and 15%, respectively. Pursuant to the Corporate Income Tax Law of mainland China, our mainland China subsidiaries generally would be liable for mainland China corporate income taxes at a rate of 25%. According to Guoshuihan 2009 No. 203, an entity certified as an “advanced and new technology enterprise” is entitled to a preferential income tax rate of 15%. ACM Shanghai was certified as an “advanced and new technology enterprise” in 2012 and again in 2016, 2018, 2021 and 2024, effective until December 31, 2026. In 2021, ACM Shanghai was certified as an eligible integrated circuit production enterprise and was entitled to a preferential income tax rate of 12.5% from January 1, 2020 to December 31, 2022. Certain entities which meet requirements according to the Policy of the Lingang New area in China (Shanghai) Pilot Free Trade Zone are entitled to a preferential income tax rate of 15%. ACM Lingang was certified for this in 2021, and this preferential income tax rate is valid from January 1, 2020 until December 31, 2024.

We file income tax returns in the United States and state and foreign jurisdictions. All tax returns will remain open for examination by the federal and state authorities for three and four years, respectively, from the date of utilization of any net operating loss or credits. Certain tax years are subject to foreign income tax examinations by tax authorities until the statute of limitations expire.

Net Income Attributable to Non-Controlling Interests

	Year Ended December 31,			% Change 2024 v 2023	% Change 2023 v 2022
	2024	2023	2022		
	<i>(in thousands)</i>				
Net income attributable to non-controlling interests	\$ 27,642	\$ 19,503	\$ 11,301	41.7 %	72.6 %

ACM Research owns 81.5% of ACM Shanghai’s (note 1) outstanding shares which is reflected in our consolidated financial statements (note 2). We reflect the portion of net income allocable to the minority holders of ACM Shanghai shares as net income attributable to non-controlling interests.

Foreign currency translation adjustment

	Year Ended December 31,			% Change 2024 v 2023	% Change 2023 v 2022
	2024	2023	2022		
	<i>(in thousands)</i>				
Foreign currency translation adjustment	\$ (15,728)	\$ (10,617)	\$ (59,102)	48.1 %	(82.0)%

We recorded a foreign currency translation adjustment of (\$15.7 million) for the year ended December 31, 2024, as compared to \$(10.6) million for 2023, based on the net effect of RMB to dollar exchange rate fluctuations for the period on the converted value of ACM Shanghai’s RMB-denominated balances to U.S. dollar equivalents.

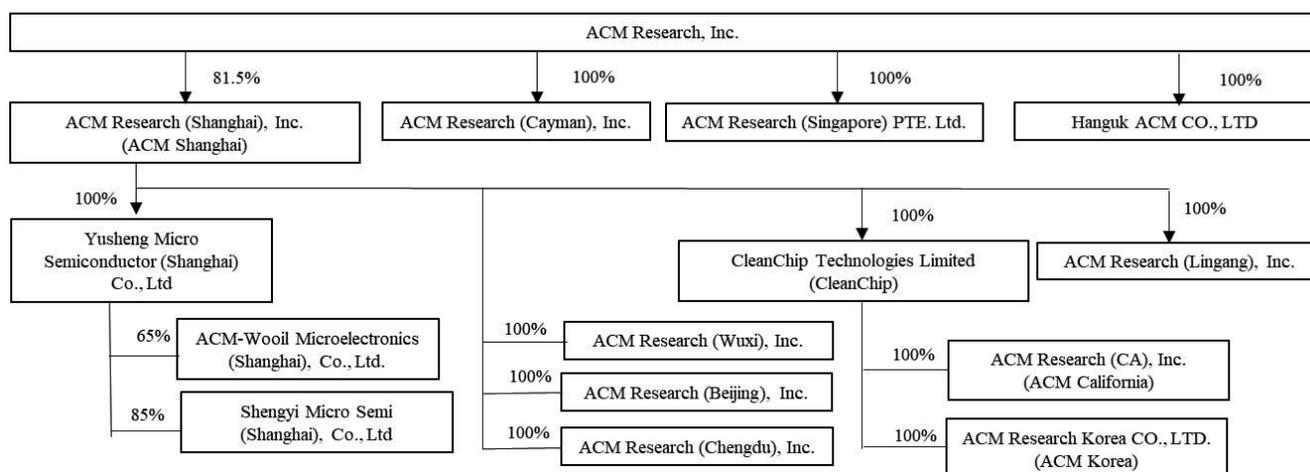
Comprehensive income attributable to non-controlling interests

	Year Ended December 31,			% Change 2024 v 2023	% Change 2023 v 2022
	2024	2023	2022		
(in thousands)					
Comprehensive income attributable to non-controlling interests	\$ 26,365	\$ 17,689	\$ 1,854	49.0 %	854.1 %

Comprehensive income attributable to non-controlling interest increased by \$8.7 million for the years ended December 31, 2024 and 2023 compared to the prior year, primary due to a significant change in net income generated from the non-controlling interests as impacted from foreign exchange rate fluctuations.

Liquidity and Capital Resources

The following chart depicts our corporate organization as of December 31, 2024:



A detailed description of how cash is transferred through our organization is set forth under “Note 2 – Summary of Significant Accounting Policies – Cash and Cash Equivalents” to the Consolidated Financial Statements of this report.

During the year ended December 31, 2024, we funded our technology development and operations principally through our beginning global cash balances, including the cash balances at ACM Shanghai, borrowings by ACM Shanghai from local financial institutions and our loan from China CITIC Bank. Cash and cash equivalents, restricted cash, short-term time deposits and long-term time deposits were \$441.9 million at December 31, 2024, compared to \$304.5 million at December 31, 2023. The \$137.4 million increase was primarily driven by \$152.5 million of cash generated by operations, (\$103.8 million) used in investing activities excluding the change in time deposits, \$92.5 million net cash provided by financing activities, a (\$4.8) million decrease from the effect of exchange rate on cash, cash equivalents and restricted cash, and a \$1.0 million increase from the effect of exchange rate on non-cash items.

The table below represents the cash and cash equivalents, restricted cash, and time deposits as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
	<i>(In thousands)</i>	
<i>Cash and cash equivalents, restricted cash, and time deposits:</i>		
Cash and cash equivalents and restricted cash	\$ 411,310	\$ 183,173
Short-term time deposits	17,277	80,524
Long-term time deposits	13,275	40,818
Total	\$ 441,862	\$ 304,515

Our future working capital needs beyond the next twelve months will depend on many factors, including the rate of our business and revenue growth, the payment schedules of our customers, the timing and magnitude of our capital expenditures, and the timing of investment in our research and development as well as sales and marketing. We believe our existing cash and cash equivalents and short-term and long-term time deposits, our cash flow from operating activities, and bank borrowings by us and ACM Shanghai will be sufficient to meet our anticipated cash needs within our longer-term planning horizon.

ACM Shanghai has historically participated in certain mainland China government-sponsored grant and subsidy programs, as described under “—Key Components of Results of Operations—mainland China Government Research and Development Funding” and “—Contractual Obligations” and we expect that ACM Shanghai will continue to take advantage of these programs when they are available and fit with our business strategy. ACM Shanghai generally applies for these grants and subsidies through the applicable mainland China government agency’s defined processes. Periodically, the public relations department researches the availability of these grants and subsidies through mainland China government agencies with whom ACM Shanghai files business surveys and taxes. Management of ACM Shanghai then assesses which grants and subsidies for which ACM Shanghai may be eligible and submits the relevant application. The decision to award the grant to ACM Shanghai is made by the relevant mainland China government agencies based on suitability and the merits of the application. Neither ACM Research, nor ACM Shanghai or any of our other subsidiaries, has any direct relationship with any mainland China government agency, and our anticipated cash needs for the next twelve months neither anticipate, nor require, receipt of any mainland China government grants or subsidies.

To the extent our cash and cash equivalents, cash flow from operating activities and short-term bank borrowings are insufficient to fund our future activities in accordance with our strategic plan, we may determine to raise additional funds through public or private debt or equity financings or additional bank credit arrangements. We also may need to raise additional funds in the event we determine in the future to effect one or more acquisitions of businesses, technologies and products. If additional funding is necessary or desirable, we may not be able to obtain bank credit arrangements or to affect an equity or debt financing on terms acceptable to us or at all.

Restrictions under mainland China laws and regulations as well as restrictions under ACM Shanghai’s bank loan agreements, may significantly restrict ACM Shanghai’s ability to transfer a portion of ACM Shanghai’s net assets to ACM Research, other subsidiaries of ACM Research and to holders of ACM Research Class A common stock. See “Item 1A. Risk Factors—Regulatory Risks—Mainland China’s currency exchange control and government restrictions on investment repatriation may impact our ability to transfer funds outside of mainland China, which could materially and adversely affect our ability to grow, make investments or acquisitions that could benefit our business, otherwise fund and conduct our business, or pay dividends on our common stock.”

For the years ended December 31, 2024, 2023, and 2022, with the exception of sales and services-related transfer-pricing payments in the ordinary course of business, and dividends paid by ACM Shanghai to ACM Research, no transfers or distributions have been made between ACM Research, and its subsidiaries, including ACM Shanghai, or to holders of ACM Research Class A common stock.

Our cash and cash equivalents at December 31, 2024 were held for working capital purposes and other potential investments. ACM Shanghai, our only direct mainland China subsidiary, is, however, subject to mainland China restrictions on distributions to equity holders. The use of proceeds raised by the STAR Market IPO, without further approvals, are limited to specific usage. We currently intend for ACM Shanghai to retain all available funds from any future earnings for use in the operation of its business and do not anticipate it paying any cash dividends. Our accounts receivable balance fluctuates from period to period, which affects our cash flow from operating activities. Fluctuations vary depending on cash collections, client mix, and the timing of shipment and acceptance of our tools.

We have never declared or paid cash dividends on our capital stock. We intend to retain all available funds and any future earnings to support the operation of and to finance the growth and development of our business and do not anticipate paying any cash dividends in the foreseeable future.

Cash Flow Provided by (Used in) Operating Activities. Net cash provided by (used in) operations during the year ended December 31, 2024, 2023, and 2022 consisted of:

	Year Ended December 31,		
	2024	2023	2022
	<i>(in thousands)</i>		
Net Income	\$ 131,269	\$ 96,852	\$ 50,564
Non-cash operating lease cost	3,815	3,580	2,816
Provision for inventory	2,796	575	2,248
Provision for credit losses	13,517	2,741	-
Gain on disposals of property plant and equipment	945	(2)	(12)
Depreciation and amortization	9,967	8,092	5,366
Realized gain on short-term investments	(1,788)	(9,047)	(1,116)
Income from equity method investments	(423)	(9,952)	(4,666)
Unrealized (gain) loss on short-term investments	(973)	2,737	7,855
Deferred income taxes	5,286	(13,647)	4,027
Stock-based compensation	49,576	27,338	7,730
Dividends from unconsolidated affiliates	1,529	—	—
Net changes in operating assets and liabilities:	(63,066)	(184,590)	(137,006)
Net cash flow provided by (used in) operating activities	\$ 152,450	\$ (75,323)	\$ (62,194)

Significant changes in operating asset and liability accounts during the year-ended December 31, 2024, 2023, and 2022 included the following uses of cash: increases of inventories of \$64.1 million (Note 5), and an increase of accounts receivable of \$123.3 million (Note 4). As described under “—Key Components of Results of Operations—Mainland China Government Research and Development Funding,” ACM Shanghai has received research and development grants from local and central

mainland China governmental authorities. ACM Lingang received cash payments of \$3.9 million related to such grants in the year ended December 31, 2024, as compared to cash receipts of \$51,000 in the same period of 2023.

The uses of cash are offset by the following significant sources of cash: an increase in advances from customers of \$67.1 (Note 3), an increase in other payables and accrued expenses of \$23.2 million, an increase in FIN-48 and income taxes payable of \$13.7 million, and an increase in accounts payable of \$1.4 million.

Cash Flow Used in Investing Activities. Net cash used in investing activities for the year ended December 31, 2024, excluding net cash proceeds from the sale of time deposits, was \$103.8 million, primarily consisting of \$85.9 million purchase of property and equipment and intangible assets, and \$24.9 million purchase of long-term investments (note 13) and \$1.4 million purchase of equity investments, partly offset by \$8.4 million net proceeds from the sale of short-term investments.

Cash Flow provided by Financing Activities. Net cash provided by financing for the year ended December 31, 2024 was \$92.5 million, primarily consisting of \$130.2 million net proceeds from short and long-term borrowings, and \$11.1 million in proceeds from the exercise of stock options, offset by (\$ 41.9 million) of short-term and long-term loan repayment, and (\$6.9 million) of dividends paid by ACM Shanghai.

We and ACM Shanghai, together with the subsidiaries of ACM Shanghai, have short-term and long-term borrowings with six banks, as follows:

Lender	Agreement Date	Maturity Date	Annual Interest Rate	Maximum Borrowing Amount(1)	Amount Outstanding at December 31, 2024
<i>(in thousands)</i>					
China CITIC Bank (2)	July 2023	Repayable by installments and the last installments repayable in December 2025	3.45 %	RMB200,000	RMB99,896
				\$ 27,820	\$ 13,881
China Everbright Bank	December 2024	December 2027	2.60 %	RMB600,000	RMB399,327
				\$ 83,460	\$ 55,549
China Merchants Bank	August 2024	August 2025	2.60 %	RMB200,000	RMB66,048
				\$ 27,820	\$ 9,185
Bank of China	September 2024	September 2025	2.50%-2.75%	RMB400,000	RMB363,265
				\$ 55,640	\$ 50,533
Industrial and Commercial Bank of China	November 2024	November 2027	2.50 %	RMB300,000	NIL
				\$ 41,730	\$ —
Shanghai Pudong Development Bank	December 2024	September 2025	2.60 %	RMB300,000	NIL
				\$ 41,730	\$ —

China Merchants Bank	August 2024	August 2034	2.95 %	RMB1,000,000	NIL
				\$ 139,100	\$ —
Bank of China	November 2024	November 2035	2.70 %	RMB1,000,000	NIL
				\$ 139,100	\$ —
China Merchants Bank	November 2020	Repayable by installments and the last installments repayable in November 2030	3.65 %	RMB128,500	RMB82,499
				\$ 17,874	\$ 11,475
Agricultural Bank of China	April 2024	Repayable by installments and the last installments repayable in April 2034	2.53%-2.78%	RMB300,000	RMB93,604
				\$ 41,730	\$ 13,020
Bank of Shanghai	December 2022	October 2024	2.85 %	RMB100,000	RMB100,079
				\$ 13,910	\$ 13,920
China CITIC Bank	August 2023	Repayable by installments and the last installments repayable in August, 2025	3.10 %	RMB100,000	RMB99,886
				\$ 13,910	\$ 13,894
Industrial Bank of Korea	December 2023	December 2024	4.27 %	KRW2,000,000	KRW2,000,000
				\$ 1,354	\$ 1,354
				\$ 645,178	\$ 182,811

- (1) Converted from RMB to dollars as of December 31, 2024. The loan from China Merchants Bank is secured by a pledge of the property of ACM Lingang and guaranteed by ACM Shanghai, as described above under “—Contractual Obligations.”
- (2) This China CITIC bank facility agreement is with ACM Research, Inc.

Effect of exchange rate changes on cash, cash equivalents and restricted cash. The impact of fluctuations of the RMB to U.S. dollar currency exchange rate on a significant balance of our cash, and cash equivalents held in RMB-denominated accounts (Note 2) contributed to a \$4.8 million decrease in the value of these items during the year ended December 31, 2024.

Contractual Obligations

Grant Contract for State-owned Construction Land Use Right in Shanghai City

In 2020 ACM Shanghai, through its wholly-owned subsidiary ACM Lingang, entered into a Grant Contract for State-owned Construction Land Use Right in Shanghai City (Category of R&D Headquarters and Industrial Projects), or the Grant

Agreement, with the China (Shanghai) Pilot Free Trade Zone Lin-gang Special Area Administration, or the Grantor. ACM Lingang obtained rights to use approximately 43,000 square meters (10.6 acres) of land in the East China Silicon Hub of Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone, or the Land Use Right, for a period of fifty years, commencing on the date of delivery of the land in July 2020, which we refer to as the Delivery Date.

In exchange for its land use rights, ACM Lingang paid aggregate grant fees of RMB 61.7 million (\$9.5 million), or the Grant Fees, and a performance deposit of RMB 12.3 million (\$1.9 million), which is equal to 20% of the aggregate Grant Fees, to secure its achievement of the following performance milestones:

- the start of construction within 6 months after the Delivery Date (60% of the performance deposit), or Construction Start Milestone;
- the completion of construction within 30 months after the Delivery Date (20% of the performance deposit), or Construction Completion Milestone; and
- the start of production within 42 months after the Delivery Date (20% of the performance deposit), or Production Start Milestone.

Upon satisfaction of a milestone, the portion of the performance deposit attributable to that milestone will be repayable to ACM Lingang within ten business days. If the achievement of any of the above milestones is delayed or abandoned, ACM Lingang may be subject to additional penalties and may lose its rights to both the use of the granted land and any partially completed facilities on that land.

The status of the performance milestones for the period ended December 31, 2024 is as follows:

- ACM Lingang achieved the Construction Start Milestone and 60% of the performance deposit was refunded to ACM Shanghai in 2020.
- We expect that the Lin-gang Special Area Administration, with supplementary land grant contracts, will adjust certain performance terms, including extension of the Construction Completion and Production Start milestones.
- The Construction Completion Milestone was required to be met by January 9, 2024 but was not achieved. ACM Lingang believes it will receive the refund without penalty, however, based on extensions expected in the supplementary land grant contracts. We cannot guarantee that ACM Lingang will achieve the missed milestone, or even if it does achieve the milestone in 2025, that it will be refunded some or all of the 20% portion of the performance deposit of RMB 2.5 million (\$0.4 million).

Contractual penalties in the case of a delay of Construction Completion Milestone:

- If ACM Lingang fails to complete the construction pursuant to the date agreed under the Grant Agreement or any extended completion date approved by the Grantor, ACM Lingang shall pay 50% of the deposit for timely completion of construction as liquidated damages;
- If ACM Lingang delays the completion for more than six months beyond the date agreed under the Grant Agreement, or beyond any extended completion date approved by the Grantor, it shall pay the total deposit for timely completion of construction as liquidated damages.
- If the delay is more than one year, the Grantor is entitled to terminate the Grant Agreement and take back the Land Use Right. In such case, the Grantor shall refund the Grant Fees for the remaining land use term after deducting the deposit agreed under the Grant Agreement and refund the deposit for timely commencement of production and relevant bank interests in full to ACM Lingang.
- The Production Start Milestone, as extended due to COVID-19 related delays, was required to be met by January 23, 2025 but was not achieved. ACM Lingang believes it will receive the refund without penalty, however, based on extensions expected in the supplementary land grant contracts. We cannot guarantee that ACM Lingang will meet any extended deadline or be refunded this 20% portion of the performance deposit.

Contractual penalties in the case of a delay of Production Start Milestone:

- If ACM Lingang fails to commence production pursuant to the date agreed under the Grant Agreement or any extended commencement date approved by the Grantor, ACM Lingang shall pay the total deposit for timely commencement of production as liquidated damages;
- If ACM Lingang fails to commence production pursuant to the extended commencement of production date (more than six months beyond the production start milestone), the Grantor is entitled to terminate the Grant Agreement and take back the Land Use Right. In such case, the Grantor shall refund the Grant Fees for the remaining land use term after deducting the deposit agreed under the Grant Agreement to ACM Lingang.

In addition to the milestones, covenants in the current Agreement require that, among other things, ACM Lingang will be required to pay liquidated damages in the event that within seven years after the Delivery Date, or prior to July 9, 2027, it does not (i) generate a minimum specified amount of annual sales of products manufactured on the granted land or (ii) pay at least RMB 157.6 million (\$22.2 million) in annual total taxes (including value-added taxes, corporate income tax, personal income taxes, urban maintenance and construction taxes, education surcharges, stamp taxes, and vehicle and shipping taxes) as a result of operations in connection with the granted land.

If the total tax revenue of the project fails to reach but is no less than 80% of the standard agreed under the Grant Agreement, ACM Lingang shall pay 20% of the actual shortfall amount of the tax revenue as liquidated damages. If the total tax revenue of the project fails to reach 80% of the standard agreed under the Grant Agreement within 1 month after the agreed date of reaching target production, the Grantor is entitled to terminate the Grant Agreement, take back the Land Use Right, and shall refund the Grant Fees for the remaining land use term to ACM Lingang.

If the Grant Agreement is terminated because of breach of any terms above, the Grantor shall take back the buildings, fixtures and auxiliary facilities on the land area and provide ACM Lingang with corresponding compensation according to the residual value of the buildings, fixtures and auxiliary facilities when they are taken back.

The total cumulative investment of land, buildings and construction in progress related to ACM Lingang amounted to \$156.2 million and \$116.9 million at December 31, 2024 and December 31, 2023, respectively.

How We Evaluate Our Operations

We present information below with respect to four measures of financial performance:

- We define “shipments” of tools to include (a) a “repeat” delivery to a customer of a type of tool that the customer has previously accepted, for which we recognize revenue upon delivery, and (b) a “first-time” delivery of a “first tool” to a customer on an approval basis, for which we may recognize revenue in the future if contractual conditions are met, or if a purchase order is received.
- We define “adjusted EBITDA” as net income excluding interest expense (net), income tax benefit (expense), depreciation and amortization, unrealized (gain) loss on short-term investments, and stock-based compensation. We define adjusted EBITDA to also exclude restructuring costs, although we have not incurred any such costs to date.
- We define “free cash flow” as net cash provided by operating activities less purchases of property and equipment (net of proceeds from disposals).
- We define “adjusted operating income (loss)” as our income (loss) from operations excluding stock-based compensation.

These financial measures are not based on any standardized methodologies prescribed by accounting principles generally accepted in the United States, or GAAP, and are not necessarily comparable to similarly titled measures presented by other companies.

We have presented shipments, adjusted EBITDA, free cash flow and adjusted operating income (loss) because they are key measures used by our management and board of directors to understand and evaluate our operating performance, to establish budgets and to develop operational goals for managing our business. We believe that these financial measures help identify

underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude. In particular, we believe that the exclusion of the expenses eliminated in calculating adjusted EBITDA and adjusted operating income (loss) can provide useful measures for period-to-period comparisons of our core operating performance and that the exclusion of property and equipment purchases from operating cash flow can provide a usual means to gauge our capability to generate cash. Accordingly, we believe that these financial measures provide useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by our management in its financial and operational decision-making.

Shipments, adjusted EBITDA, free cash flow and adjusted operating income (loss) are not prepared in accordance with GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP.

Shipments

We consider shipments a key operating metric as it reflects the total value of products delivered to customers and prospective customers by our productive assets.

Shipments consist of two components:

- a shipment made to a customer that have previously accepted a specific type of tool (“repeat shipments”), revenues are recognized upon shipment or delivery because the Company can objectively demonstrate that the tools meet all the required customer specifications; and
- a shipment to a customer of a type of tool that the customer is receiving and evaluating for the first time, in each case a “first tool,” for which we may recognize revenue at a later date, subject to the customer’s acceptance of the tool upon the tool’s satisfaction of applicable contractual requirements or subject to the customer’s subsequent discretionary commitment to purchase the tool.

“First tool” shipments can be made to either an existing customer that has not previously accepted that specific type of tool in the past — for example, a delivery of a SAPS V tool to a customer that previously had received only SAPS II tools — or to a new customer that has never purchased any tool from us.

Shipments for the years ended December 31, 2024, 2023, and 2022 totaled \$973 million, \$596 million, and \$539 million, respectively. Repeat tool shipments in the years ended December 31, 2024, 2023, and 2022 totaled \$505 million, \$310 million, and \$288 million, respectively. First tool shipments for the years ended December 31, 2024, 2023, and 2022 totaled \$468 million, \$286 million, and \$251 million, respectively.

The dollar amount attributed to a “first tool” shipment is equal to the consideration we expect to receive if any and all contractual requirements are satisfied and the customer accepts the tool, or if the customer subsequently determines in its discretion to purchase the tool. There are a number of limitations related to the use of shipments in evaluating our business, including that customers have significant, or in some cases total, discretion in determining whether to accept or purchase our tools after evaluation and their decision not to accept or purchase delivered tools is likely to result in our inability to recognize revenue from the delivered tools. “First tool” shipments reflect the value of incremental new products under evaluation delivered to our customers or prospective customers for a given period and is used as an internal key metric to reflect future potential revenue opportunity. The cumulative cost of “first tool” shipments under evaluation at customers which have not been accepted by the customer is carried at cost and reflected in finished goods inventory (see note 5 to the consolidated financial statements included in this report). “First tool” shipments exclude deliveries to customers for which ACM does not have a basis to expect future revenue.

Adjusted EBITDA

There are a number of limitations related to the use of adjusted EBITDA rather than net income (loss), which is the nearest GAAP equivalent. Some of these limitations are:

- adjusted EBITDA excludes depreciation and amortization and, although these are non-cash expenses, the assets being depreciated or amortized may have to be replaced in the future;
- we exclude stock-based compensation expense from adjusted EBITDA and adjusted operating income (loss), although (a) it has been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy and (b) if we did not pay out a portion of our compensation in the form of stock-based compensation, the cash salary expense included in operating expenses would be higher, which would affect our cash position;
- the expenses and other items that we exclude in our calculation of adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from adjusted EBITDA when they report their operating results;
- adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- adjusted EBITDA does not reflect interest expense, or the requirements necessary to service interest or principal payments on debt;
- adjusted EBITDA does not reflect income tax expense (benefit) or the cash requirements to pay taxes;
- adjusted EBITDA does not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- although depreciation and amortization charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for such replacements; and
- adjusted EBITDA includes expense reductions and non-operating other income attributable to mainland China governmental grants, which may mask the effect of underlying developments in net income, including trends in current expenses and interest expense, and free cash flow includes the mainland China governmental grants, the amount and timing of which can be difficult to predict and are outside our control.

The following table reconciles net income, the most directly comparable GAAP financial measure, to adjusted EBITDA:

	Year Ended December 31,			% Change 2024 v 2023	Absolute Change 2024 v 2023
	2024	2023	2022		
	<i>(in thousands)</i>				
Adjusted EBITDA Data:					
Net Income	\$ 131,269	\$ 96,852	\$ 50,564	35.5 %	\$ 34,417
Interest income, net	(5,784)	(5,673)	(7,085)	2.0 %	(111)
Income tax expense	35,031	19,364	16,798	80.9 %	15,667
Depreciation and amortization	9,967	8,092	5,366	23.2 %	1,875
Stock based compensation	49,576	27,338	7,730	81.3 %	22,238
Unrealized (gain) loss on short-term investments	(973)	2,737	7,855	-135.5 %	(3,710)
Adjusted EBITDA	\$ 219,086	\$ 148,710	\$ 81,228	47.3 %	\$ 70,376

The \$70.4 million increase in adjusted EBITDA for the year ended December 31, 2024 as compared to the year ended December 31, 2023 primarily reflected an increase in net income, an increase in income tax expense, and an increase in stock-based compensation.

We do not exclude from adjusted EBITDA expense reductions and non-operating other income attributable to mainland China governmental grants because we consider and incorporate the expected amounts and timing of those grants in incurring expenses and capital expenditures. If we did not receive the grants, our cash expenses therefore would be lower, and our cash position would not be affected, to the extent we have accurately anticipated the amounts of the grants. For additional information regarding our mainland China grants, please see “—Key Components of Results of Operations—mainland China Government Research and Development Funding.”

Free Cash Flow

The following table reconciles net cash provided by (used in) operating activities, the most directly comparable GAAP financial measure, to free cash flow:

	<u>Year Ended December 31,</u>				Absolute Change 2024 v 2023
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>% Change 2024 v 2023</u>	
	<i>(in thousands)</i>				
Free Cash Flow Data:					
Net cash generated by (used in) operating activities	\$ 152,450	\$ (75,323)	\$ (62,194)	-302.4%	\$ 227,773
Purchase of property and equipment	(82,463)	(61,876)	(91,094)	33.3%	(20,587)
Purchase of short-term and long-term investments	\$ (26,264)	\$ (25,864)	\$ (4,279)	1.5%	(400)
Free cash flow	<u>\$ 43,723</u>	<u>\$ (163,063)</u>	<u>\$ (157,567)</u>	<u>-126.8%</u>	<u>\$ 206,786</u>

The changes in free cash flow for the years ended December 31, 2024, 2023, and 2022 reflected the factors driving net cash used in operating activities, and an increase of purchases of property and equipment. Consistent with our methodology for calculating adjusted EBITDA, we do not adjust free cash flow for the effects of mainland China government subsidies, because we take those subsidies into account in incurring expenses and capital expenditures. We do not adjust free cash flow for the effects of time-deposits, which for our internal purposes are considered as largely similar to cash.

Adjusted Operating Income

Adjusted operating income excludes stock-based compensation from income from operations. Although stock-based compensation is an important aspect of the compensation of our employees and executives, determining the fair value of certain of the stock-based instruments we utilize involves a high degree of judgment and estimation and the expense recorded may bear little resemblance to the actual value realized upon the vesting or future exercise of the related stock-based awards. Furthermore, unlike cash compensation, the value of stock options, which is an element of our ongoing stock-based compensation expense, is determined using a complex formula that incorporates factors, such as market volatility, that are beyond our control. Management believes it is useful to exclude stock-based compensation in order to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies. The use of non-GAAP financial measures excluding stock-based compensation has limitations. If we did not pay out a portion of our compensation in the form of stock-based compensation, the cash salary expense included in operating expenses would be

higher and our cash holdings would be less. The following tables reflect the exclusion of stock-based compensation, or SBC, from line items comprising income from operations:

Year Ended December 31,									
<hr/>									
2024			2023			2022			
	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted	
	(GAAP)	(Non- GAAP)	(GAAP)	(Non- GAAP)	(GAAP)	(Non- GAAP)	(GAAP)	(Non- GAAP)	
	SBC	SBC	SBC	SBC	SBC	SBC	SBC	SBC	
<hr/>									
<i>(in thousands)</i>									
Revenue	\$ 782,118	\$ -	\$ 782,118	\$ 557,723	\$ -	\$ 557,723	\$ 388,832	\$ -	\$ 388,832
Cost of revenue	(390,564)	(2,385)	(388,179)	(281,508)	(1,406)	(280,102)	(205,217)	(520)	(204,697)
Gross profit	391,554	(2,385)	393,939	276,215	(1,406)	277,621	183,615	(520)	184,135
Operating expenses:									
Sales and marketing	(65,447)	(10,552)	(54,895)	(47,019)	(5,684)	(41,335)	(39,889)	(1,877)	(38,012)
Research and development	(105,473)	(14,112)	(91,361)	(92,709)	(8,459)	(84,250)	(62,226)	(2,565)	(59,661)
General and administrative	(69,636)	(22,527)	(47,109)	(40,648)	(11,789)	(28,859)	(22,465)	(2,768)	(19,697)
Income (loss) from operations	\$ 150,998	\$(49,576)	\$ 200,574	\$ 95,839	\$ (27,338)	\$ 123,177	\$ 59,035	\$ (7,730)	\$ 66,765

Adjusted operating income for the year ended December 31, 2024, as compared with the year ended December 31, 2023, increased by \$77.4 million due to a \$55.2 million increase in income from operations and a \$22.2 million increase in stock-based compensation expense. Adjusted operating income for the year ended December 31, 2023, as compared with the year ended December 31, 2022, increased by \$56.4 million due to a \$36.8 million increase in income from operations and a \$19.6 million increase in stock-based compensation expense.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a result of our operating, investing and financing activities, we are exposed to market risks such as interest rate risk and foreign currency exchange rate risk. We are also exposed to credit risk as a result of our normal business activities.

Foreign Currency Exchange Risk

Our consolidated financial statements are presented in U.S. dollars, which is our reporting currency, while the functional currency of our subsidiaries in mainland China is RMB, and the functional currency of our subsidiary in Korea is the Korean Won, or the KRW. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transactions. Any difference between the initially recorded amount and the settlement amount is recorded as a gain or loss on foreign currency transaction in our consolidated statements of comprehensive income (loss). Monetary assets and liabilities denominated in a foreign currency are translated at the functional currency rate of exchange as of the date of a consolidated balance sheet. Any difference is recorded as a gain or loss on foreign currency translation in the appropriate consolidated statement of operations. In accordance with ASC Topic 830, *Foreign Currency Matters*, we translate the assets and liabilities into U.S. dollars from RMB using the rate of exchange prevailing at the applicable balance sheet date and the consolidated statements of comprehensive income (loss) and cash flows are translated at an average rate during the reporting period. Adjustments resulting from the translation are recorded in stockholders' equity as part of accumulated other comprehensive income (loss).

The majority of our business is conducted through our ACM Shanghai subsidiary that manufactures and sells our products in various global markets, and we also have operations in Korea, the Taiwan Region, the United States, and other countries. We sell the majority of our products in transactions denominated in U.S. dollars; however, we purchase raw materials, pay wages, and make payments to our supply chain in foreign currencies, primarily RMB, and also the KRW. As a result, our earnings, cash flows and cash balances are exposed to fluctuations in foreign currency exchange rates. For example, because of our significant manufacturing operations in mainland China, a weakening RMB is advantageous and a strengthening RMB is disadvantageous to our financial results. At this time, we have not established a formal hedging policy to attempt to reduce the inherent risks of potential currency fluctuations on our global operations. We report the impact of foreign exchange fluctuations in the other income (expense) line item of our Consolidated Statements of Comprehensive Income (Loss) statements. For 2024, 2023, and 2022, the effect of fluctuations of foreign currencies contributed realized gains (losses) of \$4.2 million, (2.0) million, and \$1.7 million, respectively.

The mainland China government imposes significant exchange restrictions on fund transfers out of mainland China that are not related to business operations. To date these restrictions have not had a material impact on us because we have not engaged in any significant transactions that are subject to the restrictions.

Interest Rate Risk

As of December 31, 2024, 2023, and 2022, the balance of our short term bank borrowings (see note 8 in the Notes to Consolidated Financial Statements included herein under “Item 8. Financial Statements and Supplementary Data.”), mature at various dates within the following year and do not expose us to interest rate risk. As of December 31, 2023, the balance of our long-term borrowings (see note 11 in the Notes to Consolidated Financial Statements included herein under “Item 8. Financial Statements and Supplementary Data.”) carries a fixed interest rate and we may be exposed to fair value interest rate risk.

We have implemented policies and procedures to measure, manage, monitor and report risk exposures, which are reviewed regularly by management and the board of directors. We identify risk exposures and monitor and manage such risks on an ongoing basis.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of ACM Research, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ACM Research, Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, 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, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 3, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 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 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 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 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 financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter 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 a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition

Description of the Matter

As described in Notes 2 to the consolidated financial statements, the Company recognizes revenue from tools and spare parts at a point in time, when the Company has satisfied its performance obligation. For shipments made to a customer that has not previously accepted a specific type of tool (“first tools”), revenues are recognized when the tools are accepted by the customer. For shipments made to a customer that have previously accepted a specific type of tool (“repeat shipments”), revenues are recognized upon shipment or delivery because the Company can objectively demonstrate that the tools meet all the required customer specifications.

Evaluating the sufficiency of audit evidence to validate whether the Company can objectively identify repeat shipments required auditor judgment and significant audit effort because the Company’s tools are highly customized for each customer.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s revenue process. For example, we tested the controls over management’s review of the Company’s analysis to determine whether the repeat shipments identified have been previously accepted by the same customer.

To test whether the Company can objectively demonstrate that the highly customized tools are repeat shipments, our audit procedures, among others, included performing direct inquiries with the Company’s personnel from its sales and engineering department to understand the Company’s process of identifying repeat shipments and the quality control department to understand the quality control process. We applied auditor judgment to determine the nature and extent of procedures to be performed by testing all the sales transactions identified as repeat shipments during the year. Specifically for all repeat shipments, we inspected the quality control reports signed by the Company’s quality control department. We also identified the similar tools previously sold to and accepted by the same customer by comparing the executed contracts or purchase orders of both tools, and inspected the acceptance confirmation from the customer of the previous tools to verify that the Company was able to objectively demonstrate that repeat shipments meet all the required customer specifications with its established history of customer acceptance. We evaluated the overall sufficiency of audit evidence obtained by assessing the results of procedures performed over repeat shipments, including the appropriateness of the nature and extent of audit effort.

/s/ Ernst & Young Hua Ming LLP

We have served as the Company's auditor since 2023.

Shanghai, the People’s Republic of China

March 3, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of ACM Research, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited ACM Research, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, ACM Research, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

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, 2024 and 2023, the related consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes and our report dated March 3, 2025 expressed an unqualified opinion thereon.

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 included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and 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/ Ernst & Young Hua Ming LLP

Shanghai, the People's Republic of China

March 3, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of ACM Research, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of comprehensive income (loss), of stockholders' equity, and of cash flows of ACM Research, Inc. (the "Company") for the year ended December 31, 2022, including the related notes (collectively, referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit 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 audit 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 audit provides a reasonable basis for our opinion.

/s/Armanino LLP

We served as the Company's auditor in 2022. In 2023, we became the predecessor auditor.

San Ramon, California

March 1, 2023

ACM RESEARCH, INC.
Consolidated Balance Sheets
(In thousands, except per share data)

	December 31,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 407,445	\$ 182,090
Restricted cash	3,865	1,083
Short-term time deposits (note 2)	17,277	80,524
Short-term investments (note 14)	19,373	21,312
Account receivables, net (note 4)	387,045	283,186
Other receivables	41,859	40,065
Inventories, net (note 5)	597,984	545,395
Advances to related party (note 15)	1,024	2,432
Prepaid expenses	7,507	20,023
Total current assets	1,483,379	1,176,110
Property, plant and equipment, net (note 6)	269,272	201,848
Operating lease right-of-use assets, net (note 10)	14,038	15,393
Intangible assets, net	3,461	2,538
Long-term time deposits (note 2)	13,275	40,818
Deferred tax assets (note 18)	14,781	20,271
Long-term investments (note 13)	37,063	27,880
Other long-term assets (note 7)	20,452	6,050
Total assets	\$ 1,855,721	\$ 1,490,908
Liabilities and Equity		
Current liabilities:		
Short-term borrowings (note 8)	32,814	31,335
Current portion of long-term borrowings (note 11)	44,472	6,783
Related party accounts payable (note 15)	16,133	11,407
Accounts payable	139,294	141,814
Advances from customers	243,949	181,368
Deferred revenue	8,537	3,687

Income taxes payable (note 18)	12,779	6,401
FIN-48 payable (note 18)	19,466	12,149
Other payables and accrued expenses (note 9)	121,657	102,951
Current portion of operating lease liabilities (note 10)	2,132	2,764
Total current liabilities	641,233	500,659
Long-term borrowings (note 11)	105,525	53,952
Long-term operating lease liabilities (note 10)	3,840	4,262
Other long-term liabilities (note 12)	9,217	5,873
Total liabilities	\$ 759,815	\$ 564,746
Commitments and contingencies (note 20)		
Equity:		
Stockholders' equity:		
Class A Common stock (note 16)	6	6
Class B Common stock (note 16)	1	1
Additional paid-in capital	677,476	629,845
Retained earnings	260,000	156,827
Statutory surplus reserve (note 2)	30,514	30,060
Accumulated other comprehensive loss	(63,372)	(49,349)
Total ACM Research, Inc. stockholders' equity	904,625	767,390
Non-controlling interests	191,281	158,772
Total equity	1,095,906	926,162
Total liabilities and equity	\$ 1,855,721	\$ 1,490,908

The accompanying notes are an integral part of these consolidated financial statements.

ACM RESEARCH, INC.
Consolidated Statements of Comprehensive Income (Loss)

(In thousands, except per share data)

	Year Ended December 31,		
	2024	2023	2022
Revenue (note 3)	\$ 782,118	\$ 557,723	\$ 388,832
Cost of revenue, including cost of revenue from related parties of \$39,313, \$31,240, and \$26,313 for the years ended December 31, 2024, 2023, and 2022 respectively (note 15)	390,564	281,508	205,217
Gross profit	391,554	276,215	183,615
Operating expenses:			
Sales and marketing	65,447	47,019	39,889
Research and development	105,473	92,709	62,226
General and administrative	69,636	40,648	22,465
Total operating expenses	240,556	180,376	124,580
Income from operations	150,998	95,839	59,035
Interest income	9,935	8,354	8,740
Interest expense	(4,151)	(2,681)	(1,655)
Realized gain from sale of short-term investments	1,788	9,047	1,116
Unrealized gain (loss) on short-term investments	973	(2,737)	(7,855)
Other income (expense), net	6,334	(1,558)	3,315
Income from equity method investments	423	9,952	4,666
Income before income taxes	166,300	116,216	67,362
Income tax expense (note 18)	(35,031)	(19,364)	(16,798)
Net income	131,269	96,852	50,564
Less: Net income attributable to non-controlling interests	27,642	19,503	11,301
Net income attributable to ACM Research, Inc.	\$ 103,627	\$ 77,349	\$ 39,263
Comprehensive income (loss):			
Net income	\$ 131,269	\$ 96,852	\$ 50,564
Foreign currency translation adjustment, net of tax	(15,728)	(10,617)	(59,102)
Unrealized gain on available-for-sale investments, net of tax	428	—	—
Comprehensive income (loss)	115,969	86,235	(8,538)
Less: Comprehensive income attributable to non-controlling interests	26,365	17,689	1,854
Comprehensive income (loss) attributable to ACM Research, Inc.	\$ 89,604	\$ 68,546	\$ (10,392)

Net income per common stock (note 2):			
Basic	\$	1.67	\$ 1.29 \$ 0.66
Diluted	\$	1.53	\$ 1.16 \$ 0.59
Weighted average common stock outstanding used in computing per share amounts (note 2):			
Basic		62,212,569	60,164,670 59,235,975
Diluted		66,237,424	64,870,543 65,341,771

The accompanying notes are an integral part of these consolidated financial statements.

ACM RESEARCH, INC.
Consolidated Statement of Changes in Stockholders' Equity
(In thousands, except per share data)

	Common Stock Class A		Common Stock Class B		Additional Paid-in Capital	Retained Earnings	Statutory Surplus Reserve	Accumulated Other Comprehensive	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
Balance at December 31, 2021	53,608,929	\$ 5,087,814	1	\$ 595,045	\$ 63,732	\$ 8,312	\$ 9,109	\$ 135,461	\$ 811,665	
Net income	-	-	-	-	39,263	-	-	11,301	50,564	
Appropriation to statutory surplus reserves	-	-	-	-	(8,569)	8,569	-	-	-	
Foreign currency translation adjustment	-	-	-	-	-	-	(49,655)	(9,447)	(59,102)	
Exercise of stock options	980,354	-	-	1,314	-	-	-	-	1,314	
Stock-based compensation	-	-	-	7,730	-	-	-	-	7,730	
Conversion of Class B common stock to Class A	66,003	-	(66,003)	-	-	-	-	-	-	
Balance at December 31, 2022	54,655,286	\$ 5,021,811	1	\$ 604,089	\$ 94,426	\$ 16,881	\$ (40,546)	\$ 137,315	\$ 812,171	
Cumulative effect of change in accounting	-	-	-	-	(1,769)	-	-	-	(1,769)	
Net income	-	-	-	-	77,349	-	-	19,503	96,852	
Appropriation to statutory surplus reserves	-	-	-	-	(13,179)	13,179	-	-	-	
Foreign currency translation adjustment	-	-	-	-	-	-	(8,803)	(1,814)	(10,617)	
Exercise of stock options	1,380,886	-	-	2,303	-	-	-	3,834	6,138	
Stock-based compensation	-	-	-	23,453	-	-	-	3,885	27,338	
ACM Shanghai dividends	-	-	-	-	-	-	-	(3,951)	(3,951)	
Balance at December 31, 2023	56,036,172	\$ 5,021,811	1	\$ 629,845	\$ 156,827	\$ 30,060	\$ (49,349)	\$ 158,772	\$ 926,162	
Net income	-	-	-	-	103,627	-	-	27,642	131,269	
Appropriation to statutory surplus reserves	-	-	-	-	(454)	454	-	-	-	
Foreign currency translation adjustment	-	-	-	-	-	-	(14,373)	(1,355)	(15,728)	
Exercise of stock options	1,902,713	-	-	5,990	-	-	-	5,109	11,099	
Stock-based compensation	-	-	-	41,641	-	-	-	7,935	49,576	
ACM Shanghai dividends	-	-	-	-	-	-	-	(6,900)	(6,900)	
Unrealized gain on available-for-sale investments	-	-	-	-	-	-	350	78	428	
Balance at December 31, 2024	57,938,885	\$ 5,021,811	1	\$ 677,476	\$ 260,000	\$ 30,514	\$ (63,372)	\$ 191,281	\$ 1,095,906	

The accompanying notes are an integral part of these consolidated financial statements.

ACM RESEARCH, INC.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income	\$ 131,269	\$ 96,852	\$ 50,564
Adjustments to reconcile net income from operations to net cash used in operating activities			
Non-cash operating lease cost	3,815	3,580	2,816
Depreciation and amortization	9,967	8,092	5,366
Gain on disposals of property, plant and equipment	945	(2)	(12)
Realized gain on short-term investments	(1,788)	(9,047)	(1,116)
Income from equity method investments	(423)	(9,952)	(4,666)
Unrealized (gain) loss on short-term investments	(973)	2,737	7,855
Inventory provision	2,796	575	2,248
Provision for credit losses	13,517	2,741	—
Deferred income taxes	5,286	(13,647)	4,027
Stock-based compensation	49,576	27,338	7,730
Dividends from unconsolidated affiliates	1,529	—	—
Net changes in operating assets and liabilities:			
Accounts receivable	(123,277)	(108,749)	(88,655)
Other receivables	(3,812)	(4,213)	(7,331)
Inventories	(64,135)	(164,027)	(195,562)
Advances to related party (note 15)	1,408	890	(939)
Prepaid expenses	11,911	(5,075)	(3,695)
Other long-term assets	—	—	3,986
Related party accounts payable (note 15)	4,726	(3,061)	6,569
Accounts payable	1,440	42,343	17,501
Advances from customers	67,050	29,974	104,258
Deferred revenue	4,850	2,693	994
Income taxes payable	6,424	3,009	3,236
FIN-48 payable	7,316	5,463	4,404
Other payables and accrued expenses	23,203	21,375	23,406

Operating lease liabilities	(3,514)	(3,580)	(2,816)
Other long-term liabilities	3,344	(1,632)	(2,362)
Net cash provided by (used in) operating activities	152,450	(75,323)	(62,194)
Cash flows from investing activities:			
Purchase of property, plant and equipment	(82,463)	(61,876)	(91,094)
Purchase of intangible assets	(3,485)	(2,462)	(1,426)
Purchase of short-term investments (note 14)	(1,391)	(18,356)	—
Purchase of time deposits	(74,730)	(26,120)	(172,448)
Proceeds from maturity of time deposits	166,549	79,600	—
Proceeds from sale of short-term investments (note 14)	8,434	21,735	4,577
Purchase of long-term investments (note 13)	(24,873)	(7,508)	(5,279)
Proceeds from disposal of long-term investments	—	8,242	—
Net cash used in investing activities	(11,959)	(6,745)	(265,670)
Cash flows from financing activities:			
Proceeds from short-term borrowings	33,265	31,334	56,004
Repayments of short-term borrowings	(32,297)	(55,068)	(9,224)
Proceeds from long-term borrowings	96,896	42,360	—
Repayments of long-term borrowings	(9,582)	(2,283)	(2,223)
ACM Shanghai dividends	(6,900)	(3,951)	—
Proceeds from exercise of stock options	11,099	6,138	1,314
Net cash provided by financing activities	92,481	18,530	45,871
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(4,835)	(1,740)	(32,623)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 228,137	\$ (65,278)	\$ (314,616)
Cash, cash equivalents and restricted cash at beginning of period	183,173	248,451	563,067
Cash, cash equivalents and restricted cash at end of period	\$ 411,310	\$ 183,173	\$ 248,451
Supplemental disclosure of cash flow information:			
Interest paid, net of capitalized interest	\$ 4,151	\$ 2,681	\$ 1,655
Cash paid for income taxes	\$ 11,216	\$ 26,103	\$ 3,586
Prepayment for purchase of long-term investment	\$ 16,736	\$ —	\$ —

Purchase of intangible assets included in other long-term assets	\$	641	\$	—	\$	—
Reconciliation of cash, cash equivalents and restricted cash in consolidated statements of cash flows:						
Cash and cash equivalents	\$	407,445	\$	182,090	\$	247,951
Restricted cash		3,865		1,083		500
Cash, cash equivalents and restricted cash	\$	411,310	\$	183,173	\$	248,451
Non-cash financing activities:						
Cashless exercise of stock options	\$	483	\$	333	\$	221
Non-cash investing activities:						
Transfer from inventory to property, plant and equipment	\$	—	\$	4,379	\$	—
Transfer from property, plant and equipment to inventory	\$	918	\$	—	\$	—
Purchase property, plant and equipment through other payable and accrued expenses	\$	29,126	\$	33,750	\$	—
Purchase long-term investments through other payable and accrued expenses	\$	4,729	\$	—	\$	—
Transfer of prepayment for property to property, plant and equipment	\$	3,348	\$	—	\$	41,497

The accompanying notes are an integral part of these consolidated financial statements.

ACM RESEARCH, INC.
Notes to Consolidated Financial Statements
(in thousands, except share and per share data)

NOTE 1 – DESCRIPTION OF BUSINESS

ACM Research, Inc. (“ACM” or “ACM Research”) and its subsidiaries (collectively with ACM, the “Company”) develop, manufacture and sell capital equipment to the global semiconductor industry.

The Company has direct or indirect interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation	Principal Activities	Effective interest held as at	
			December 31, 2024	2023
ACM Research (Shanghai), Inc. ("ACM Shanghai")	Mainland China, May 2005	Principal operating subsidiary	81.5 %	82.1 %
ACM Research (Wuxi), Inc. ("ACM Wuxi")	Mainland China, July 2011	Sales and services	81.5 %	82.1 %
CleanChip Technologies Limited ("CleanChip")	Hong Kong, June 2017	Trading partner between ACM Shanghai and its customers	81.5 %	82.1 %
ACM Research Korea CO., LTD.	Korea, December 2017	Sales, marketing, R&D, production	81.5 %	82.1 %
ACM Research (Lingang), Inc. ("ACM Lingang") (1)	Mainland China, March 2019	Management of production activities	81.5 %	82.1 %
ACM Research (CA), Inc. ("ACM California")	USA, April 2019	Procurement for ACM Shanghai	81.5 %	82.1 %
ACM Research (Cayman), Inc.	Cayman Islands, April 2019	Administrative function (inactive)	100.0 %	100.0 %
ACM Research (Singapore) PTE. Ltd. ("ACM Singapore")	Singapore, August 2021	Sales, marketing, business development	100.0 %	100.0 %
ACM Research (Beijing), Inc. ("ACM Beijing")	Mainland China, February 2022	Sales and services	81.5 %	82.1 %
Hanguk ACM CO., LTD	Korea, March 2022	Sales, services, business development	81.5 %	100.0 %
Yusheng Micro Semiconductor (Shanghai) Co., Ltd.	Mainland China, June 2023	Business development	81.5 %	82.1 %
ACM-Wooil Microelectronics (Shanghai) Co., Ltd.	Mainland China, June 2023	Component development and production	59.0 %	59.4 %
ACM Research (Chengdu), Inc. ("ACM Chengdu")	Mainland China, December 2024	Component development and production	81.5 %	N/A
Shengyi Micro Semiconductor (Shanghai) Co., Ltd.	Mainland China, December 2024	Sales and services	69.3 %	N/A

(1) ACM Research (Lingang) Inc. is the English name referred to by its Chinese language name Shengwei Research (Shanghai), Inc., or ACM Shengwei in prior filings. ACM Research (Lingang), Inc. and Shengwei Research (Shanghai), Inc. refer to the same entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company’s consolidated financial statements include the accounts of ACM and its subsidiaries, including ACM Shanghai and its subsidiaries. ACM’s subsidiaries are those entities in which ACM, directly and indirectly, controls more than a majority of the voting power. All significant intercompany transactions and balances have been eliminated upon consolidation. The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Certain reclassifications have been made to the amounts for prior years in order to conform to the current year’s presentation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported revenues and expenses during the reported period in the consolidated financial statements and accompanying notes. The Company’s significant accounting estimates and assumptions include, but are not limited to, those used for revenue recognition and deferred revenue, the valuation and recognition of fair value of certain long-term investments, stock-based compensation arrangements, realization of deferred tax assets, uncertain tax position, assessment for impairment of long-lived assets and long-term investments, allowance for credit losses, inventory valuation, useful lives of property, plant and equipment and useful lives of intangible assets.

Management evaluates these estimates and assumptions on a regular basis. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank deposits that are unrestricted as to withdrawal and use, and highly liquid investments with an original maturity date of three months or less at the date of purchase. At times, cash deposits may exceed government-insured limits.

The following table presents cash and cash equivalents, according to jurisdiction as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
United States	\$ 56,308	\$ 43,614
Mainland China	94,701	70,418
China Hong Kong	255,853	64,057
Korea	516	3,934
Singapore	67	67
Total	<u>\$ 407,445</u>	<u>\$ 182,090</u>

The amounts in mainland China do not include short-term and long-term time deposits which in aggregate totaled \$30,552 and \$121,342 at December 31, 2024 and 2023, respectively.

Cash held in the U.S. exceeds the Federal Deposit Insurance Corporation (“FDIC”) insurance limits and is subject to risk of loss. No losses have been experienced to date.

Cash amounts at the banks in mainland China are subject to a series of risk control regulatory standards from mainland China bank regulatory authorities. ACM’s subsidiaries in mainland China are required to obtain approval from the State Administration of Foreign Exchange (“SAFE”) to transfer funds into or out of mainland China. SAFE requires a valid agreement to approve the transfers, which are processed through a bank. Other than these mainland China foreign exchange restrictions, ACM’s subsidiaries in mainland China are not subject to any mainland China restrictions and limitations on its ability to transfer funds to ACM Research or among our other subsidiaries. However, cash held by ACM’s subsidiaries in mainland China does exceed applicable insurance limits and is subject to risk of loss, although no such losses have been experienced to date.

ACM California periodically procures goods and services on behalf of ACM Shanghai. For these transactions, ACM Shanghai makes cash payments to ACM California in accordance with applicable transfer pricing arrangements. For the years ended December 31, 2024, 2023 and 2022, cash payments from ACM Shanghai to ACM California for the procurement of goods and services were \$21.3 million, \$42.5 million and \$30.2 million, respectively. ACM California periodically borrows funds for working capital advances from its direct parent, CleanChip. ACM California repays or renews these intercompany loans in accordance with their terms.

For sales through CleanChip and ACM Research, a certain amount of sales or advance payments from customer proceeds is repatriated back to ACM Shanghai, a subsidiary, in accordance with applicable transfer pricing arrangements in the ordinary course of business. ACM Research provides services to certain customers located in the U.S., Europe and other regions outside of mainland China to support the evaluation of first tools and provide support for tools under warranty on behalf of ACM Shanghai. For these transactions, ACM Shanghai makes cash payments to ACM Research in accordance with applicable transfer pricing arrangements.

For the years ended December 31, 2024, 2023 and 2022, ACM Shanghai paid \$28,480, \$19,200, and nil in dividends to ACM Research, respectively.

Amounts held in Korea exceed the Korea Deposit Insurance Corporation (“KDIC”) insurance limits and are subject to risk of loss. No losses have been experienced to date. There is no additional restriction for the transfer of cash from bank accounts in the U.S., Korea, Singapore and Hong Kong.

For the years ended December 31, 2024, 2023 and 2022, with the exception of sales and services-related transfer-pricing payments in the ordinary course of business, and dividends paid by ACM Shanghai to the stockholders of ACM Shanghai (including ACM Research), no transfers, or distributions have been made between ACM Research and its subsidiaries, including ACM Shanghai, or to holders of ACM Research Class A common stock.

Time Deposits

Time deposits are deposited with banks in mainland China with fixed terms and interest rates which cannot be withdrawn before maturity, and are presented as short-term deposits and long-term deposits in the consolidated financial statements

based on their expected time of collection. They are also subject to the risk control regulatory standards described above upon maturity.

At December 31, 2024 and December 31, 2023, time deposits consisted of the following:

	December 31,	
	2024	2023
Deposit in China Merchant Bank which was redeemed on January 29, 2024 with an annual interest rate of 2.85%	\$ —	\$ 29,797
Deposit in Bank of Ningbo which was redeemed on February 17, 2024 with an annual interest rate of 2.85%	—	44,630
Deposit in Shanghai Pudong Development Bank which was redeemed on June 20, 2024 with an annual interest rate of 3.10%	—	7,322
Deposit in Shanghai Pudong Development Bank which was redeemed on May 28, 2024 with an annual interest rate of 3.10%	—	7,307
Deposit in Shanghai Pudong Development Bank which was redeemed on March 7, 2024 with an annual interest rate of 3.10%	—	4,376
Deposit in Shanghai Pudong Development Bank which was redeemed on March 22, 2024 with an annual interest rate of 3.10%	—	4,373
Deposit in Shanghai Pudong Development Bank which was redeemed on January 29, 2024 with an annual interest rate of 3.10%	—	2,912
Deposit in China Industrial Bank which matures on January 31, 2026 with an annual interest rate of 3.15%	13,275	14,528
Deposit in China Everbright Bank which was redeemed on January 5, 2024 with an annual interest rate of 5.38%	—	3,079
Deposit in China Everbright Bank which was redeemed on May 22, 2024 with an annual interest rate of 5.38%	—	3,018
Deposit in China Everbright Bank which matures on January 9, 2025 with an annual interest rate of 5.214%	10,247	—
Deposit in China Everbright Bank which matures on May 25, 2025 with an annual interest rate of 4.430%	7,030	—
	<u>\$ 30,552</u>	<u>\$ 121,342</u>

For the years ended December 31, 2024, 2023 and 2022, interest income related to time deposits was \$1,991, \$3,689 and \$3,472, respectively.

Accounts Receivable, Net

Prior to adoption of Accounting Standards Update, or ASU, 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASC 326”), the Company reviews its accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. After adoption of ASC 326, as of January 1, 2023, the Company assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when the Company identifies specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, the Company considers historical collectability based on past due status, the age of the accounts receivable balances, credit quality of the Company’s customers based on ongoing credit evaluations, current economic conditions, reasonable and

supportable forecasts of future economic conditions, and other factors that may affect the Company's ability to collect from customers. At December 31, 2024, and 2023, the Company, based on a review of its outstanding balances and its customers, determined the allowance for credit losses were \$18,347 and \$4,830, respectively.

Inventories, Net

Inventory consists of raw materials and related goods, work-in-progress, finished goods, and other consumable materials such as spare parts. Inventory is recorded at the lower of cost or net realizable value. The cost of inventory is principally determined by the weighted average cost method for raw materials. The Company assesses the recoverability of all inventories to determine if any adjustments are required for obsolete inventory or those with net realizable value lower than the cost.

Property, Plant and Equipment, Net

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation begins when the asset is placed in service and is calculated by using the straight-line method over the estimated useful life of an asset (or, if shorter, over the lease term). Betterments or renewals are capitalized when incurred.

Estimated useful lives of assets are as follows:

Buildings and plants	30 years
Computer and office equipment	3 to 5 years
Furniture and fixtures	5 years
Leasehold improvements	shorter of lease term or estimated useful life
Electronic equipment	3 to 5 years
Manufacturing equipment	for small to medium-sized equipment, 5 to 10 years; for large equipment, estimated by purchasing department at time of acceptance
Transportation equipment	4 to 5 years

Expenditures for maintenance and repairs that neither materially add to the value of the property nor appreciably prolong the life of the property are charged to expense as incurred. Upon retirement or sale of an asset, the cost of the asset and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income.

Construction In Progress

Construction in progress primarily reflects costs incurred related to the construction of ACM Shanghai's Lingang development and production center.

Intangible Assets, Net

Intangible assets consist of purchase software. Assets are valued at cost at the time of acquisition and are amortized over their beneficial periods.

Impairment of Long-Lived Assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstance indicate that the carrying value of the assets may not be fully recoverable or that the useful life of the assets is shorter than the Company had originally estimated. When these events or changes occur, the Company evaluates the impairment of the long-lived assets by comparing the carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the

assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Company recognizes an impairment loss based on the excess of the carrying value over the fair value.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets, and operating lease liabilities in the consolidated balance sheets.

ROU assets represent the Company’s right to use an underlying asset for the lease term, and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term. The Company has also elected the practical expedient for the short-term lease exemption for contracts with lease terms of 12 months or less. The Company has also elected the practical expedient for the short-term lease exemption for contracts with lease terms of 12 months or less.

Revenue Recognition

The Company derives revenue principally from the sale of semiconductor capital equipment. Revenue from contracts with customers is recognized using the following five steps pursuant ASC Topic 606, *Revenue from Contracts with Customers*:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Identify the contract(s) with a customer. The Company generally considers written documentation including, but not limited to, signed purchase orders, master agreements, and sales orders as contracts, provided it has approval and commitment from the customer, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collection is probable. Collectability is assessed based on management’s assessment of the customer’s creditworthiness, historical payment experience, as well as other relevant factors.

Identify the performance obligations in the contract. Performance obligations are accounted for separately if they are distinct. A good or service is distinct if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and the good or service is distinct in the context of the contract. The Company’s performance obligations generally include sales of tools and spare parts. In addition, customer contracts can contain provisions for installation, training, software updates, most-favored pricing for spare parts, and other items which have been deemed immaterial in the context of the contract.

Determine the transaction price. The transaction price for the Company’s contracts with customers may include fixed and variable consideration. The Company includes variable consideration in the transaction price to the extent that it is probable that a significant reversal of revenue will not occur in the future based on the Company’s historical experience with similar arrangements.

Allocate the transaction price to the performance obligations in the contract. For contracts that contain multiple performance obligations, primarily those that include multiple tools, or spare parts sold together with tools, the Company allocates the

transaction price to the performance obligations on a relative standalone selling price basis. The Company recognizes contract liabilities associated with unsatisfied performance obligations, based on the stand-alone observable selling prices or using an expected cost-plus-margin approach when a stand-alone selling price is not directly observable, and recognizes revenue as the related performance obligations are satisfied.

Recognize revenue when, or as, a performance obligation is satisfied. The Company recognizes revenue from tools and spare parts at a point in time, when the Company has satisfied its performance obligation. The Company's sales arrangements do not include a general right of return. For shipments made to a customer that has not previously accepted a specific type of tool ("first tools"), revenues are recognized when the tools are accepted by the customer. For shipments made to a customer that has previously accepted a specific type of tool ("repeat shipment"), revenues are recognized upon shipment or delivery because the Company can objectively demonstrate that the tools meet all the required customer specifications.

The Company's warranties provide assurance that its products will function as expected and in accordance with certain specifications. The Company's warranties are intended to safeguard the customer against existing defects and do not provide any incremental service to the customer. They are not separate performance obligations and are accounted for under FASB ASC Topic 460, *Guarantees*.

For sales of tools, payment terms and conditions vary by customer and are based on the billing schedule established in the Company's contracts with customers, but the contract generally requires advanced payments for a portion of transaction price prior to delivery and payments of the remaining transaction price after the tools are accepted by customers; therefore, the Company has determined that its contracts do not include a significant financing component. For sales of spare parts, the contract generally requires payment within 30 days after delivery. Contract liabilities include advances from customers and deferred revenue. Payments received from customers prior to the transfer of control of the tools are recorded as advances from customers. Payments received from customers related to the allocated transaction price for the unsatisfied performance obligations are recorded as deferred revenue.

Cost of Revenue

Cost of revenue primarily consists of: direct materials, comprised principally of parts used in assembling equipment, together with crating and shipping costs; direct labor, including salaries and other labor related expenses attributable to the Company's manufacturing department; allocated overhead cost and inventory provision.

Research and Development Costs

Research and development costs relating to the development of new products and processes, significant improvements and refinements to existing products or the process of supporting customer evaluations of tools, and the development of new tools for evaluation by customers during the product demonstration process, are expensed as incurred.

Borrowing Costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets that require a substantial period of time to be ready for their intended use or sale are capitalized as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalized. All other borrowing costs are recognized in interest expense in the consolidated statements of comprehensive income (loss) in the period in which they are incurred.

Warranty

The Company generally provides a standard assurance type warranty ranging from 12 to 36 months and covering replacement of its product during the warranty period. The Company accounts for the estimated warranty costs at the time revenue is recognized. Warranty obligations are affected by historical failure rates and associated replacement costs. Utilizing historical

warranty cost records, the Company calculates a rate of warranty expenses to revenue to determine the estimated warranty charge. The Company updates these estimated charges on a regular basis. Warranty obligations are included in other payables and accrued expenses in the consolidated balance sheets. The following table shows changes in the Company's warranty obligations for the years ended December 31, 2024, 2023 and 2022, respectively.

	Year Ended December 31,		
	2024	2023	2022
Balance at beginning of period	\$ 9,834	\$ 8,780	\$ 6,631
Additions	11,460	7,969	5,379
Utilized	(8,584)	(6,915)	(3,230)
Balance at end of period	\$ 12,710	\$ 9,834	\$ 8,780

Employee Benefit Expenses

The Company has a defined contribution 401(k) plan for eligible employees. Eligible employees have the option to participate in the plan beginning on their date of hire. Under the terms of the plan, employees may make voluntary contributions as a percentage of their compensation or a flat dollar amount.

All eligible employees of the Company's mainland China subsidiaries are entitled to staff welfare benefits including medical care, welfare grants, unemployment insurance and pension benefits through a mainland China government-mandated multi-employer defined contribution plan. The Company's mainland China subsidiaries are required to accrue for these benefits based on certain percentages of the qualified employees' salaries, and are required to make contributions to the plans out of the amounts accrued. The mainland China government is responsible for the medical benefits and the pension liability to be paid to these employees and the Company's obligations are limited to the amounts contributed. The Company has no further payment obligations once the contributions have been paid. Total contributions by the Company for such employee benefits were \$15,312, \$11,618, and \$7,816 for the years ended December 31, 2024, 2023 and 2022, respectively.

Government Subsidies

ACM Shanghai has received several special government grants. The government subsidies of operating nature with no further conditions to be met are recorded as other income in the consolidated statements of comprehensive income (loss) when received. The government grants that contain certain operating conditions, and require a government due diligence process to confirm completion, are deferred and recorded as other long-term liabilities (note 12) when received, and are recognized in the consolidated statements of comprehensive income (loss) as follows:

- Government subsidies relating to current expenses are recorded as reductions of those expenses in the periods in which the current expenses are recorded. For the years ended December 31, 2024, 2023 and 2022, related government subsidies recognized as reductions of relevant expenses in the consolidated statements of comprehensive income (loss) were \$462, \$1,740 and \$1,201, respectively.
- Government subsidies related to depreciable assets are credited to income over the useful lives of the related assets for which the grant was received. Government subsidies related to VAT reduction are credited to income in the period received. For the years ended December 31, 2024, 2023 and 2022, related government subsidies recognized as other income in the consolidated statements of comprehensive income (loss) were \$2,018, \$533, and \$306, respectively.

Stock-based Compensation

ACM and ACM Shanghai grants stock options to employees and non-employee consultants and directors and accounts for those stock-based awards in accordance with FASB ASC Topic 718, *Compensation – Stock Compensation*.

Stock-based awards granted to employees and non-employee consultants and directors are measured at the fair value of the awards on the grant date and are recognized as expenses either (a) immediately on grant, if no vesting conditions are required or (b) using the graded vesting method, net of estimated forfeitures, over the requisite service period. The fair value of stock options is determined using the Black-Scholes valuation model when there are service and performance condition attached or the Monte Carlo valuation model when there is market condition attached. Stock-based compensation is charged to the category of operating expense corresponding to the service function of the employees and non-employee consultants and directors. The Company has elected to recognize share-based compensation on a straight-line basis for awards with graded vesting that vest based solely on a service condition. The Company uses the accelerated method for all awards granted based on service conditions and performance conditions, and only if performance conditions are considered probable to be satisfied.

Income Taxes

The Company accounts for income taxes using the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable values.

In evaluating the ability to recover its deferred income tax assets, the Company considers all available positive and negative evidence, including its operating results, ongoing tax planning and forecasts of future taxable income on a jurisdiction-by-jurisdiction basis. In the event the Company determines that it would be able to realize its deferred income tax assets in the future in excess of their net recorded amount, it would make an adjustment to the valuation allowance that would reduce the provision for income taxes. Conversely, in the event that all or part of the net deferred tax assets are determined not to be realizable in the future, an adjustment to the valuation allowance would be charged to earnings in the period such determination is made.

Tax benefits related to uncertain tax positions are recognized when it is more likely than not that a tax position will be sustained during an audit. Interest and penalties related to unrecognized tax benefits are included within the provision for income tax.

Basic and Diluted Net Income per Share of Common Stock

Basic and diluted net income per share of common stock is calculated as follows:

	Year Ended December 31,		
	2024	2023	2022
Numerator:			
Net income	\$ 131,269	\$ 96,852	\$ 50,564
Less: Net income attributable to non-controlling interests	27,642	19,503	11,301
Net income available to common stockholders, basic	\$ 103,627	\$ 77,349	\$ 39,263
Less: Dilutive effect arising from stock-based awards by ACM Shanghai	2,227	1,841	584
Net income available to common stockholders, diluted	\$ 101,400	\$ 75,508	\$ 38,679
Weighted average shares outstanding, basic	62,212,569	60,164,670	59,235,975
Effect of dilutive securities	4,024,855	4,705,873	6,105,796
Weighted average shares outstanding, diluted	66,237,424	64,870,543	65,341,771
Net income per share of common stock:			
Basic	\$ 1.67	\$ 1.29	\$ 0.66
Diluted	\$ 1.53	\$ 1.16	\$ 0.59

Basic and diluted net income per share of common stock is presented using the two-class method, which allocates undistributed earnings to common stock and any participating securities according to dividend rights and participation rights on a proportionate basis. Under the two-class method, basic net income per share of common stock is computed by dividing the sum of distributed and undistributed earnings attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. ACM did not have any participating securities outstanding during the three-year periods ended December 31, 2024.

Class A and Class B common stock are substantially identical in all material respects, except for voting rights. Since ACM did not declare any dividends during the years ended December 31, 2024, 2023 and 2022, the net income per share of common stock attributable to each class is the same under the “two-class” method. As such, the two classes of common stock have been presented on a combined basis in the consolidated statements of comprehensive income (loss) and in the above computation of net income per share of common stock.

Diluted net income per share of common stock reflects the potential dilution from securities, including stock options, that could share in ACM’s earnings. Certain potential dilutive securities were excluded from the net income per share calculation because the impact would be anti-dilutive. The number of potentially dilutive shares that were not included in the calculation of diluted net income per share in the periods presented where their inclusion would be anti-dilutive were 1,511,335, 3,651,337 and 1,795,340 for the years ended December 31, 2024, 2023 and 2022, respectively.

Comprehensive Income (loss)

The Company applies FASB ASC Topic 220, *Comprehensive Income*, which establishes standards for the reporting and display of comprehensive income (loss), requiring its components to be reported in a financial statement with the same

prominence as other financial statements. The Company's comprehensive income (loss) includes net income, foreign currency translation adjustments, and unrealized gain on investments in available-for-sale debt securities and is presented in the consolidated statements of comprehensive income (loss).

Restricted Net Assets

The Company's ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries. Relevant statutory laws and regulations of mainland China permit payments of dividends by the Company's mainland China subsidiaries only out of its retained earnings, if any, as determined in accordance with accounting standards and regulations of mainland China. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's mainland China subsidiaries. The Company has not previously declared or paid any cash dividend or dividend in kind and has no plan to declare or pay any dividends in the near future.

Under laws and regulations of mainland China, there are restrictions on the Company's mainland China subsidiaries with respect to transferring certain of their net assets to the Company either in the form of dividends, loans, or advances. Amounts of net assets restricted include paid-in capital and statutory surplus reserve of the Company's mainland China subsidiaries totaling \$686,874 as of December 31, 2024. Therefore, in accordance with Rules 504 and 4.08(e)(3) of Regulation S-X, the condensed parent company only financial statements as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 are disclosed in Note 21.

Furthermore, cash transfers from the Company's mainland China subsidiaries to its subsidiaries outside of China are subject to mainland China government control of currency conversion. Shortages in the availability of foreign currency may restrict the ability of the mainland China subsidiaries to remit sufficient foreign currency to pay dividends or other payments to the Company, or otherwise satisfy their foreign currency denominated obligations.

Statutory Surplus Reserve

The income of ACM's mainland China subsidiaries is distributable to their shareholders after transfers to reserves as required under relevant mainland China laws and regulations and the subsidiaries' Articles of Association. As stipulated by the relevant laws and regulations in mainland China, mainland China subsidiaries are required to maintain reserves, including reserves for statutory surpluses and public welfare funds that are not distributable to shareholders. A mainland China subsidiary's appropriations to the reserves are approved by its board of directors. At least 10% of annual statutory after-tax profits, as determined in accordance with mainland China accounting standards and regulations, is required to be allocated to the statutory surplus reserves. If the cumulative total of the statutory surplus reserves reaches 50% of a mainland China subsidiary's registered capital, any further appropriation is optional.

Statutory surplus reserves may be used to offset accumulated losses or to increase the registered capital of a mainland China subsidiary, subject to approval from the relevant mainland China authorities, and are not available for dividend distribution to the subsidiary's shareholders. The mainland China subsidiaries are prohibited from distributing dividends unless any losses from prior years have been offset. Except for offsetting prior years' losses, however, statutory surplus reserves must be maintained at a minimum of 25% of share capital after such usage. ACM Shanghai estimated a statutory surplus reserve of \$30,514 and \$30,060 based on an accumulated profit as of December 31, 2024 and 2023, respectively, which is included in the statutory surplus reserve in the consolidated balance sheets.

Noncontrolling Interests

A noncontrolling interest is recognized to reflect the portion of subsidiaries' equity which is not attributable, directly or indirectly, to ACM Research. Consolidated net income on the consolidated statements of comprehensive income (loss) includes the net income attributable to noncontrolling interests. The cumulative results of operations attributable to noncontrolling interests are recorded as "noncontrolling interests" in the Company's consolidated balance sheets.

Financial Instruments

The Company periodically invests in equity and debt securities, and maintains an investment portfolio of various holdings, types, and maturities. For equity investments that do not have a readily determinable fair value, the Company classified them as long-term investments, and records them using either: 1) the measurement alternative which measures the equity investments at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes; or 2) the equity method whereby the Company recognizes its proportional share of the income or loss from the equity method investment. The equity method is utilized when the equity investments are common stock or in substance common stock, and the Company does not have the ability to control the investee but is deemed to have the ability to exercise significant influence over the investee's operating or financial policies. For equity investments that have a readily determinable fair value, the Company classified them as short-term investments, and records them at fair market value on a recurring basis based upon quoted market prices. Realized and unrealized gains and losses resulting from application of the measurement alternative, the impact of the application of the equity method to the Company's equity investments, and recognition of changes in fair market value, as applicable, are recognized as non-operating income (expenses), net in the consolidated statements of comprehensive income (loss).

The Company's investments in debt securities have been classified and accounted for as available-for-sale. The Company classifies its debt securities as either short-term or long-term based on each instrument's underlying contractual maturity date. Unrealized gains and losses on debt securities classified as available-for-sale are recognized in accumulated other comprehensive income (loss) in the consolidated balance sheets.

Fair Value Measurement

The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability.

A fair value hierarchy has been established that prioritizes the inputs to valuation techniques used to measure fair value. The level of an asset or liability in the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities with sufficient volume and frequency of transactions.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active for identical assets or liabilities, or model-derived valuations techniques for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Valuations based on unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities and based on non-binding, broker-provided price quotes and may not have been corroborated by observable market data.

The Company's primary financial instruments include its cash, cash equivalents, short term and long term deposits, restricted cash, short-term and long-term investments, accounts receivable, other receivables, accounts payable, related party accounts payable, other payable, and short-term and long-term borrowings. The estimated fair value of cash and cash equivalents, restricted cash, short-term time deposits, accounts receivable, other receivable, accounts payable, other payable, and short-term borrowings approximates their carrying value due to the short period of time to their maturities.

All transfers between fair value hierarchy levels are recognized by the Company at the end of each reporting period. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement in its entirety, requires judgment and considers factors specific to the investment. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investment in those instruments.

Assets and liabilities measured at fair value on a recurring basis:

	Quoted Prices in Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
As of December 31, 2024				
Assets				
Cash and cash equivalents	\$ 50,967	\$ -	\$ -	\$ 50,967
Short-term investments	19,373	-	-	19,373
Available-for-sale debt securities	—	-	2,584	2,584
	<u>\$ 70,340</u>	<u>\$ -</u>	<u>\$ 2,584</u>	<u>\$ 72,924</u>

As of December 31, 2023

Assets				
Cash and cash equivalents	\$ 37,518	\$ -	\$ -	\$ 37,518
Short-term investments	21,312	-	-	21,312
	<u>\$ 58,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,830</u>

The Company did not have any assets and liabilities measured at fair value on a non-recurring basis as of December 31, 2024. Assets and liabilities measured at fair value on a non-recurring basis as of December 31, 2023 are as follows:

	Quoted Prices in Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
As of December 31, 2023				
Assets				
Investments accounted for using measurement alternative	\$ —	\$ —	\$ 10,378	\$ 10,378
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,378</u>	<u>\$ 10,378</u>

The Company recognized nil, \$1,465 and nil (upward adjustments) resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer on the consolidated statements of comprehensive income (loss) for the years ended December 31, 2024, 2023, and 2022, respectively. The Company did not recognize any unrealized losses (downward adjustments) resulting from observable price changes in orderly transactions for an identical or similar

investment of the same issuer for its long-term investments accounted for using measurement alternatives during the years ended December 31, 2024, 2023, and 2022.

The non-recurring fair value measurements to the carrying amount of equity investments accounted for using measurement alternative usually requires management to estimate a price adjustment for the different rights and obligations between a similar instrument of the same issuer with an observable price change in an orderly transaction and the investment held by the Company. These non-recurring fair value measurements were measured by using the observable transaction price and other unobservable inputs (level 3) as of the observable transaction dates.

Refer to Note 11 for fair value information related to the Company's outstanding long-term borrowings as of December 31, 2024 and December 31, 2023.

Operating and Financial Risks

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist principally of cash and cash equivalents, time deposits, and accounts receivable. The Company deposits and invests its cash with financial institutions that management believes are creditworthy.

The Company is potentially subject to concentrations of credit risks in its accounts receivable and revenue. For the years ended December 31, 2024, 2023 and 2022, four customers accounted for 52.2%, three customers accounted for 45.5% of revenue, and three customers accounted for 43.8% of revenue, respectively.

As of December 31, 2024 and 2023, four customers accounted for 57.1% and four customers accounted for 59.1%, respectively, of the Company's accounts receivables. The Company believes that the receivable balances from these largest customers do not represent a significant credit risk based on past collection experience.

Interest Rate Risk

As of December 31, 2024 and 2023, the balance of the Company's short term bank borrowings (note 8) were scheduled to mature at various dates within the following year and thus exposed the Company to modest interest rate risk. The Company is exposed to interest rate risk related to its long-term borrowings (note 12), and as certain long-term borrowings carry a fixed interest rate, the Company may be exposed to the fair value interest rate risk.

Liquidity Risk

The Company's working capital at December 31, 2024 and 2023 was sufficient to meet its then-current requirements. The Company may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions the Company decides to pursue. In the long run, the Company intends to rely primarily on cash flows from operations and additional borrowings from financial institutions in order to meet its cash needs. If those sources are insufficient to meet cash requirements, the Company may seek to issue additional debt or equity.

Country Risk

The Company has significant investments in mainland China. The operating results of the Company may be adversely affected either directly or indirectly by changes in the political and social conditions in mainland China, by changes in mainland China government policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, rates and methods of taxation, and export controls enacted by the U.S., Japan, and the Netherlands to restrict the sale of certain technology to mainland China, among other things.

Foreign Currency Risk and Translation

The Company's consolidated financial statements are presented in U.S. dollars, which is the Company's reporting currency, while the functional currency of ACM's subsidiaries in mainland China and Korea are the Chinese Renminbi ("RMB"), and the Korean Won, respectively. Changes in the relative values of U.S. dollars and RMB affect the Company's reported levels of revenues and profitability as the results of its operations are translated from RMB into U.S. dollars for reporting purposes. Since the Company has not engaged in any hedging activities, it cannot predict the impact of future exchange rate fluctuations on the results of its operations, and it may experience economic losses as a result of foreign currency exchange rate fluctuations.

Transactions of ACM's subsidiaries involving foreign currencies are recorded in functional currency according to the rate of exchange prevailing on the date when the transaction occurs. The ending balances of the Company's foreign currency accounts are converted into functional currency using the rate of exchange prevailing at the end of each reporting period. Net gains and losses resulting from foreign exchange fluctuations as marked to market at year-end are included in the consolidated statements of comprehensive income (loss).

In accordance with FASB ASC Topic 830, *Foreign Currency Matters*, the Company translates assets and liabilities into U.S. dollars from RMB or Korean Won using the rate of exchange prevailing at the applicable balance sheet date and the consolidated statements of comprehensive income (loss) and consolidated statements of cash flows are translated at an average rate during the reporting period. Adjustments resulting from the translation are recorded in stockholders' equity as part of accumulated other comprehensive income (loss).

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, *Improvements to Reportable Segment Disclosures*. This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. The Company adopted ASU 2023-07 in the fourth quarter of 2024, and the adoption did not have a material impact on the Company's financial position, results of operations and cash flows.

Recently issued accounting pronouncements not yet adopted

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures* (Topic 740). The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Retrospective application is permitted. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the provisions of this ASU.

In December 2024, the FASB issued ASU 2024-03: *Income Statement--Reporting Comprehensive Income--Expense Disaggregation Disclosures (Subtopic 220-40)*, which requires additional disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. In January 2025, the FASB issued ASU 2025-01, which clarifies the effective date of ASU 2024-03. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. This ASU should be applied prospectively with the option to apply the standard retrospectively. The Company is currently evaluating the provisions of this ASU.

NOTE 3 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company assesses revenues based upon the nature or type of goods or services it provides and the geographic location of the customer facility. The following tables present disaggregated revenue information:

	Year Ended December 31,		
	2024	2023	2022
Single Wafer Cleaning, Tahoe and Semi-Critical Cleaning Equipment	\$ 578,887	\$ 403,851	\$ 272,939
ECP (front-end and packaging), Furnace and Other Technologies	151,057	103,356	77,482
Advanced Packaging (excluding ECP), Services & Spares	52,174	50,516	38,411
Total Revenue By Product Category	\$ 782,118	\$ 557,723	\$ 388,832

	Year Ended December 31,		
	2024	2023	2022
Mainland China	\$ 775,752	\$ 540,969	\$ 377,752
Other regions	6,366	16,754	11,080
	\$ 782,118	\$ 557,723	\$ 388,832

Below are the accounts receivables and contract liabilities balances as of:

	December 31, 2024	December 31, 2023
Accounts receivable	\$ 387,045	\$ 283,186
Advances from customers	243,949	181,368
Deferred revenue	8,537	3,687

During the year ended December 31, 2024, advances from customers increased by \$62,581 primarily due to a net increase of payments made by customers for first tools under evaluation.

Below are revenues recognized from amounts included in contract liabilities at the beginning of the year:

	Year Ended December 31,		
	2024	2023	2022
Revenue recognized from amounts included in contract liabilities at the beginning of the year	\$ 124,069	\$ 97,370	\$ 30,385

NOTE 4 – ACCOUNTS RECEIVABLE, NET

At December 31, 2024 and 2023, accounts receivable, net consisted of the following:

	December 31,	
	2024	2023
Accounts receivable	\$ 405,392	\$ 288,016
Less: Allowance for credit losses	(18,347)	(4,830)
Total	\$ 387,045	\$ 283,186

The \$103,859 increase in accounts receivable, net for the year ended December 31, 2024 corresponds to a \$224,395 increase in revenue for the same period.

	December 31,	
	2024	2023
Allowance for credit losses, before tax, at beginning of the year	\$ (4,830)	\$ —
Cumulative effect of change in accounting principle under ASC 326, before tax, as of January 1, 2023	—	(2,099)
Provision for credit loss	(13,517)	(2,731)
Allowance for credit losses, before tax, at the end of the year	\$ (18,347)	\$ (4,830)

The Company assesses collectability by reviewing accounts receivable on a general basis where similar characteristics exist and on an individual basis when the Company identifies specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, the Company considers historical collectability based on past due status, the age of the accounts receivable balances, credit quality of the Company's customers based on ongoing credit evaluations, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect the Company's ability to collect from customers.

NOTE 5 – INVENTORIES, NET

At December 31, 2024 and 2023, inventories, net consisted of the following:

	December 31,	
	2024	2023
Raw materials	\$ 224,086	\$ 235,062
Work-in-process	80,767	81,438
Finished goods	293,131	228,895
Total inventories, net	\$ 597,984	\$ 545,395

At December 31, 2024 and December 31, 2023, the value of finished goods inventory, which is comprised of first-tools at customer physical locations, for which customers were contractually obligated to take ownership upon acceptance, totaled \$206,018 and \$123,390, respectively.

The \$11,646 decrease in raw materials and work-in-process inventory at December 31, 2024 compared to December 31, 2023 was due in part to an increased focus on cash efficiency despite a higher level of expected total shipments for the next

12-months. The \$64,236 increase in finished goods inventory at December 31, 2024 compared to December 31, 2023 reflects a higher value of first-tools under evaluation by existing or prospective customers, partly offset by a lower value of completed tools at the Company's facilities.

The Company's products each require a certain degree of customization, and the substantial majority of the work-in-process inventory and finished goods inventory is built to meet a specific customer order for repeat shipment or first tool delivery. At the end of each period, the Company assesses the status of each item in work-in-process and finished goods inventory. The Company recognizes a loss or impairment if in management's judgement the inventory cannot be sold or used for production, if it has been damaged or should be considered as obsolete, or if the net realizable value is lower than the cost.

At the end of each period, the Company also assesses the status of its raw materials. The Company recognizes a loss or impairment for any raw materials aged more than three years. The three-year aging is based on the Company's assessment of technology change, its requirement to maintain stock and other factors. For raw materials aged less than three years of age, the Company recognizes a specific loss or impairment if the Company determines the item does not have future use or is otherwise impaired.

During the years ended December 31, 2024, 2023, and 2022, provision for inventory of \$3,100, \$575, and \$2,248 were recognized in cost of revenue, respectively.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT, NET

At December 31, 2024 and 2023, property, plant and equipment consisted of the following:

	December 31,	
	2024	2023
Buildings and plants	\$ 141,410	\$ 83,109
Manufacturing equipment	37,038	16,556
Office equipment	5,815	4,953
Transportation equipment	396	404
Leasehold improvement	11,579	7,889
Total cost	196,238	112,911
Less: Total accumulated depreciation and amortization	(24,882)	(17,503)
Construction in progress	97,916	106,440
Total property, plant and equipment, net	<u>\$ 269,272</u>	<u>\$ 201,848</u>

Depreciation expense was \$6,573, \$6,912, and \$4,839 for the years ended December 31, 2024, 2023, and 2022, respectively.

At December 31, 2024, buildings and plants comprised of \$34,740 for Lingang housing property, \$49,693 for Lingang development and production center, \$49,221 for ACM Shanghai's corporate headquarters, and \$7,756 for ACM's Oregon facilities, as compared to \$35,264, nil, \$47,845, and nil, respectively, at December 31, 2023. The Lingang housing property is pledged as security for loans from China Merchants Bank (Note 11).

Construction in progress primarily reflects costs incurred for certain facilities related to the construction of ACM Shanghai's Lingang development and production center.

NOTE 7 – OTHER LONG-TERM ASSETS

At December 31, 2024 and 2023, other long-term assets consisted of the following:

	December 31,	
	2024	2023
Prepayment for property, plant and equipment	\$ 32	\$ 3,380
Lease deposit	950	834
Security deposit for land use right	686	696
Prepayment for investment in Ninebell	16,737	—
Others	2,047	1,140
Total other long-term assets	<u>\$ 20,452</u>	<u>\$ 6,050</u>

NOTE 8 – SHORT-TERM BORROWINGS

At December 31, 2024 and December 31, 2023, short-term borrowings consisted of the following:

	December 31,	
	2024	2023
Line of credit up to RMB ¥150,000 from China Everbright Bank,		
1) due on August 29, 2024 with an annual interest rate of 3.00%.	—	2,463
Line of credit up to RMB ¥40,000 from Bank of China,		
1) due on September 7, 2024 with an annual interest rate of 2.87%.	—	5,648
2) due on March 20, 2025 with an annual interest rate of 2.75%.	16,706	—
3) due on September 23, 2025 with an annual interest rate of 2.50%.	5,569	—
Line of credit up to RMB ¥200,000 from China Merchants Bank,		
1) due on August 7, 2024 with an annual interest rate of 3.00%.	—	1,271
2) due on August 8, 2024 with an annual interest rate of 3.00%.	—	1,271
3) due on August 9, 2024 with an annual interest rate of 3.00%.	—	1,271
4) due on August 14, 2024 with an annual interest rate of 3.00%.	—	1,271
5) due on August 17, 2024 with an annual interest rate of 3.00%.	—	1,271
6) due on August 20, 2024 with an annual interest rate of 3.00%.	—	1,271
7) due on August 21, 2024 with an annual interest rate of 3.00%.	—	1,271
8) due on August 22, 2024 with an annual interest rate of 3.00%.	—	1,271
9) due on August 24, 2024 with an annual interest rate of 3.00%.	—	1,271
10) due on August 27, 2024 with an annual interest rate of 3.00%.	—	1,271
11) due on August 29, 2024 with an annual interest rate of 3.00%.	—	1,271
12) due on August 30, 2024 with an annual interest rate of 3.00%.	—	1,271
13) due on September 3, 2024 with an annual interest rate of 3.00%.	—	1,271
14) due on September 5, 2024 with an annual interest rate of 3.00%.	—	1,270
15) due on September 6, 2024 with an annual interest rate of 3.00%.	—	1,270
16) due on September 10, 2024 with an annual interest rate of 3.00%.	—	1,270
17) due on September 12, 2024 with an annual interest rate of 3.00%.	—	1,270
18) due on February 27, 2025 with an annual interest rate of 2.60%.	1,322	—
19) due on February 28, 2025 with an annual interest rate of 2.60%.	1,322	—
20) due on March 1, 2025 with an annual interest rate of 2.60%.	1,322	—
21) due on March 5, 2025 with an annual interest rate of 2.60%.	1,322	—
22) due on March 8, 2025 with an annual interest rate of 2.60%.	1,253	—
23) due on August 27, 2025 with an annual interest rate of 2.60%.	1,322	—
24) due on September 12, 2025 with an annual interest rate of 2.60%.	1,322	—
Line of credit up to KRW ₩500,000 from Industrial Bank of Korea,		

1)due on July 12, 2024 with an annual interest rate of 6.03%.	—	77
Line of credit up to KRW ₩2,000,000 from Industrial Bank of Korea,		
1)due on December 15, 2024 with an annual interest rate of 4.27%.	—	1,544
2)due on December 16, 2025 with an annual interest rate of 4.43%.	1,354	—
Total	\$ 32,814	\$ 31,335

For the years ended December 31, 2024, 2023 and 2022, interest expense related to short-term borrowings amounted to \$1,218, \$1,581, and \$810, respectively.

NOTE 9 – OTHER PAYABLES AND ACCRUED EXPENSES

At December 31, 2024 and 2023, other payables and accrued expenses consisted of the following:

	December 31,	
	2024	2023
Accrued commissions	\$ 20,180	\$ 15,572
Accrued warranty	12,710	9,834
Accrued payroll	21,677	14,840
Accrued professional fees	896	696
Accrued machine testing fees	1,082	1,762
Accrued machine sales fees	8,840	6,010
Individual income tax payable	11,975	12,156
Accrued Lingang construction fees	28,103	33,729
Payments for investments	4,729	—
Others	11,465	8,352
Total	\$ 121,657	\$ 102,951

NOTE 10 – LEASES

The Company leases space under non-cancelable operating leases for several office and manufacturing locations. These leases do not have significant rent escalation holidays, concessions, leasehold improvement incentives, or other build-out clauses. Further, the leases do not contain contingent rent provisions.

Most leases include one or more options to renew. The Company regularly evaluates the renewal options, and when they are reasonably certain of exercise, the Company includes the renewal period in its lease term.

The Company's leases also include a right to use state-owned land in mainland China with lease terms of 50 years expiring in 2070, for which an upfront lump-sum payment was made during the year ended December 31, 2022.

The components of lease expense were as follows:

	Year Ended December 31,		
	2024	2023	2022
Operating lease cost	\$ 3,815	\$ 3,580	\$ 2,816
Short-term lease cost	1,790	923	786
Lease cost	<u>\$ 5,605</u>	<u>\$ 4,503</u>	<u>\$ 3,602</u>

Supplemental cash flow information related to operating leases was as follows for the years ended December 31, 2024, 2023, and 2022:

	Year Ended December 31,		
	2024	2023	2022
Operating cash outflow from operating leases	\$ 3,647	\$ 3,580	\$ 2,816
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 1,781</u>	<u>\$ 8,195</u>	<u>\$ 1,054</u>

Maturities of lease liabilities for all operating leases were as follows as of December 31, 2024:

	December 31, 2024
2025	2,376
2026	1,607
2027	1,462
2028 and thereafter	1,118
Total lease payments	<u>\$ 6,563</u>
Less: Interest	(591)
Present value of lease liabilities	<u>\$ 5,972</u>

The weighted average remaining lease terms and discount rates for all operating leases, excluding land-use right, were as follows as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
Remaining lease term and discount rate:		
Weighted average remaining lease term (years)	3.57	3.44
Weighted average discount rate	3.58 %	3.91 %

NOTE 11 – LONG-TERM BORROWINGS

At December 31, 2024 and 2023, long-term borrowings consisted of the following:

	December 31,	
	2024	2023
Loan from China Merchants Bank	\$ 11,475	\$ 13,362
Loan from Agricultural Bank of China	13,020	—
Loans from Bank of China	28,258	5,013
Loan from Bank of Shanghai	13,920	14,120
Loans from China CITIC Bank	27,775	28,240
Loan from China Everbright Bank	55,549	—
Less: Current portion	(44,472)	(6,783)
	\$ 105,525	\$ 53,952

The loan from China Merchants Bank is for the purpose of purchasing property in Lingang, Shanghai. The loan is repayable in 120 installments with the last installment due in November 2030, with an annual interest rate of 3.65%. The loan is pledged by the property of ACM Lingang and guaranteed by ACM Shanghai.

The loan from Agricultural Bank of China is for the purpose of purchasing housing property in Lingang, Shanghai. The loan is repayable in 8 installments with the last installment due in April 2034, with an annual interest rate of 2.53%-2.78%.

Two loans from Bank of China are for the purpose of funding ACM Shanghai project expenditures. The first loan from Bank of China is for the purpose of funding ACM Shanghai's general corporate expenses and working capital. The loan bears interest at an annual rate of 2.62% and is payable in 6 installments, with the last installment due in June 2027. The second loan from Bank of China is for the purpose of funding ACM Shanghai project expenditures. The loan bears interest at an annual rate of 2.52% and are repayable in 6 installments, with the last installment due in August 2027.

The loan from Bank of Shanghai is for the purpose of funding ACM Shanghai project expenditures. The loan bears interest mainly based on the one-year People's Bank of China ("PBOC") benchmark interest rate of 3.45% and a predetermined margin of -0.60 basis points, resulting in an interest rate of 2.85%, and will be fully repaid in April 2025.

The first loan from China CITIC Bank is for the purpose of funding ACM Shanghai project expenditures. The loan bears interest at an annual rate of 3.10% and are repayable in 4 installments, with the last installment due in August 2025. The second loan from China CITIC bank is for the purpose of funding ACM's general corporate operation and working capital. The loan bears interest at an annual rate of 3.40% payable quarterly, and the principal amount is repayable in 4 installments, with the last installment due in December 2027.

The loans from China Everbright Bank are for the purpose of funding ACM Shanghai's general corporate operation and working capital. The first loan bears interest mainly based on the one-year PBOC benchmark interest rate of 3.95% and a predetermined margin of -1.35 basis points, resulting in an interest rate of 2.60%, and is payable in 6 installments, with the last installment due in June 2027. The second loan bears interest mainly based on the one-year PBOC benchmark interest rate of 3.35% and a predetermined margin of -0.75 basis points, resulting in an interest rate of 2.60%, and is payable in 3 installments, with the last installment due in March 2026. The third loan bears interest mainly based on the one-year PBOC benchmark interest rate of 3.10% and a predetermined margin of -0.50 basis points, resulting in an interest rate of 2.60%, and is payable in 3 installments, with the last installment due in April 2026.

As of December 31, 2024 and December 31, 2023, the total carrying amount of long-term loans was \$149,997 and \$60,735, compared with an estimated fair value of \$141,264 and \$56,638, respectively. The fair value of the long-term loans is estimated by discounting cash flows using interest rates currently available for debts with similar terms and maturities (Level 2 fair value measurement). Refer to Note 2 for an explanation of the fair value hierarchy structure.

Scheduled principal payments for the outstanding long-term loans, including the current portion, as of December 31, 2024 are as follows:

Year ending December 31,	
2025	\$ 44,472
2026	33,758
2027	58,296
2028	7,537
Thereafter	5,934
	<u>149,997</u>

For the years ended December 31, 2024, 2023, and 2022 respectively, \$2,933, \$1,100 and \$845 of interest expense related to long-term borrowings was incurred.

NOTE 12 – OTHER LONG-TERM LIABILITIES

Other long-term liabilities represent government subsidies received from mainland China governmental authorities for development and commercialization of certain technology but not yet recognized (note 2). As of December 31, 2024 and 2023, other long-term liabilities consisted of the following unearned government subsidies:

	December 31,	
	2024	2023
Subsidies commenced in 2020 and prior	\$ 699	\$ 1,107
Subsidies to Lingang R&D development in 2021	7,350	3,467
Other	1,168	1,299
Total	<u>\$ 9,217</u>	<u>\$ 5,873</u>

NOTE 13– LONG-TERM INVESTMENTS

On September 6, 2017, ACM and Ninebell Co., Ltd. (“Ninebell”), a Korean company that is one of the Company’s principal material suppliers, entered into an ordinary share purchase agreement, effective as of September 11, 2017, pursuant to which Ninebell issued to ACM ordinary shares representing 20% of Ninebell’s post-closing equity for a purchase price of \$1,200, and a common stock purchase agreement, effective as of September 11, 2017, pursuant to which ACM issued 400,002 shares of Class A common stock to Ninebell for a purchase price of \$1,000 at \$2.50 per share. The investment in Ninebell is accounted for under the equity method.

On June 27, 2019, ACM Shanghai and Shengyi Semiconductor Technology Co., Ltd. (“Shengyi”), a company based in Wuxi, China that is one of the Company’s component suppliers, entered into an agreement pursuant to which Shengyi issued to ACM Shanghai shares representing 14% of Shengyi’s post-closing equity for a purchase price of \$109. The investment in Shengyi is accounted for under the equity method. In September 2023, the Company invested additional RMB 6,100 (\$900)

to Shengyi. As the additional investment is not in substance common stock, the Company measures the additional investment in Shengyi at measurement alternative.

On September 5, 2019, ACM Shanghai entered into a Partnership Agreement with six other investors, as limited partners, and Beijing Shixi Qingliu Investment Co., Ltd., as general partner and manager, with respect to the formation of Hefei Shixi Chanheng Integrated Circuit Industry Venture Capital Fund Partnership (LP), a Chinese limited partnership based in Hefei, China. Pursuant to such Partnership Agreement, on September 30, 2019, ACM Shanghai invested RMB 30,000 (\$4,200), which represented 10% of the partnership's total subscribed capital. The investment in Hefei Shixi Chanheng Integrated Circuit Industry Venture Capital Fund Partnership (LP) is accounted for under the equity method in accordance with ASC 323-30-S99-1.

On October 29, 2021, ACM Shanghai and Waferworks (Shanghai) Co., Ltd, or Waferworks, a company based in Shanghai, China, and one of the Company's customers, entered into an agreement pursuant to which Waferworks issued to ACM Shanghai shares representing 0.25% of Waferworks' post-closing equity for a purchase price of \$1,568. As the investment is not in substance common stock and there is no readily determinable fair value, the Company measures the investment in Waferworks at measurement alternative.

On August 17, 2022, ACM Singapore and Wooil Flucon Co., Ltd. ("Wooil"), a company based in Korea and a potential component supplier to the Company, entered into an agreement pursuant to which Wooil, on September 1, 2022, issued to ACM Singapore shares representing 20% of Wooil's post-closing equity for a purchase price of \$1,000. The investment in Wooil is accounted for under the equity method.

On September 25, 2023, ACM Shanghai entered into a partnership agreement with Company A to invest RMB 30,000 (\$4,230), which represented 4.37% of the partnership's total subscribed capital. Since there is no readily determinable fair value, the Company measures the investments at measurement alternative.

On November 1, 2023, ACM Shanghai entered into a partnership agreement with Company B to invest RMB 6,600 (\$930), which represented 1.19% of the partnership's total subscribed capital. Since there is no readily determinable fair value, the Company measures the investments at measurement alternative. As of December 31, 2024, Company B issued additional shares to investors and ACM Shanghai's ownership declined to 1.19%.

On January 12, 2024, ACM Shanghai entered into an investment agreement with Company C to invest RMB 12,500 (\$1,760), which represented 5.04% of the Company C's total equity interest. Since there is no readily determinable fair value, the Company measures the investments at measurement alternative.

On January 19, 2024, ACM Shanghai entered into a limited partnership agreement with Company D to invest RMB 30,000 (\$4,230), which represented 16.67% of the partnership's total equity interest. The investment in the limited partnership with Company D is accounted for under the equity method in accordance with ASC 323-30-S99-1. As of December 31, 2024, Company D issued additional shares to investors and ACM Shanghai's ownership declined to 14.28%.

On January 22, 2024, ACM Shanghai entered into an investment agreement with Company E to invest RMB 10,000 (\$1,430) which represented 0.64% of the Company E's total equity interest. The transaction was closed in April 2024. Since there is no readily determinable fair value, the Company measures the investments at measurement alternative.

On April 22, 2024, ACM Shanghai entered into an investment agreement with Ninebell to invest \$16,737 which represented 20% of Ninebell's total equity interest. As of December 31, 2024, ACM Shanghai pre-paid the consideration of \$16,737 to Ninebell, which is recorded in other long-term assets (note 7) in the consolidated balance sheets. The share certification was issued in January 2025. After the share purchase transaction is closed, the Company owns 36.4% of Ninebell.

On December 30, 2024, ACM Shanghai entered into a limited partnership agreement with Company F to invest RMB 10,000 (\$1,391), which represented 16.67% of Company F's total equity interest. The equity interest is redeemable at the option of ACM Shanghai if Company F failed to consummate a qualified IPO within a certain period. ACM Shanghai made the first

installment payment of RMB 3,000 (\$417) on December 30, 2024 and the remaining RMB 7,000 (\$974) will be paid on or before December 31, 2026. As agreed by investment agreement, the Company obtained the entire 16.67% equity interest on the settlement of the first installment. Company F is a privately held company and the Company classified the investment as available-for-sale debt securities as the equity interest is redeemable.

On December 30, 2024, ACM Shanghai entered into an investment agreement with Company G to invest RMB 30,000 (\$4,173), which represented 2.91% of Company G's total equity interest. ACM Shanghai made the first installment payment of RMB 3,000 (\$417) on December 30, 2024 and the remaining RMB 27,000 (\$3,756) will be paid on or before June 30, 2026. As agreed by investment agreement, the Company obtained the entire 2.91% ownership when the equity transaction was approved by the shareholders' meeting, and the share certification was issued upon the settlement of the first installment. Since there is no readily determinable fair value, the Company measures the investments at measurement alternative.

<i>Equity investee:</i>	Initial investment dates	Investment entity	Percent ownership by ACM and subsidiaries	Investment purchase price
Ninebell Co., Ltd. ("Ninebell")	September 2017	ACM	20.0 %	\$ 1,200
Wool Flucon Co., ("Wool")	August 2022	ACM Singapore	20.0 %	\$ 1,000
Hefei Shixi Chanheng Integrated Circuit Industry Venture Capital Fund Partnership (LP) ("Hefei Shixi")	September 2019	ACM Shanghai	10.0 %	RMB 30,000 (\$4,200)
Shengyi Semiconductor Technology Co., Ltd. ("Shengyi")	June 2019	ACM Shanghai	14.0 %	\$ 109
Company D	February 2024	ACM Shanghai	16.67 %	RMB 30,000 (\$4,230)
<i>Investments accounted for using measurement alternative:</i>				
Waferworks (Shanghai) Co., Ltd. ("Waferworks")	October 2021	ACM Shanghai	0.25 %	\$ 1,568,000
Shengyi	September 2023	ACM Shanghai	1.00 %	RMB 6,100 (\$900)
Company A	September 2023	ACM Shanghai	4.37 %	RMB 30,000 (\$4 230)
Company B	November 2023	ACM Shanghai	1.19 %	RMB 6,600 (\$930)
Company C	February 2024	ACM Shanghai	5.04 %	RMB 12,500 (\$1 760)
Company E	April 2024	ACM Shanghai	0.64 %	RMB 10,000 (\$1,430)
Company F	December 2024	ACM Shanghai	16.67 %	RMB 10,000 (\$1,391)
Company G	December 2024	ACM Shanghai	2.91 %	RMB 30,000 (\$4 173)

	2024	
	2024	2023
Equity investee:		
Ninebell	\$ 7,862	\$ 5,632
Wooil	936	1,003
Shengyi	2,775	1,693
Hefei Shixi	4,798	9,174
Company D	4,173	—
Subtotal	20,544	17,502
Investments accounted for using measurement alternative:		
Waferworks	—	1,412
Shengyi	845	857
Company A	4,173	4,236
Company B	918	932
Company C	1,739	—
Company E	1,391	—
Company G	4,173	—
Other	696	2,941
Subtotal	13,935	10,378
Investments accounted for under available-for-sale debt securities		
Company F	1,391	—
Other	1,193	—
Total	\$ 37,063	27,880

The Company recognized \$423, \$9,952, and \$4,666 share of equity investees' net income which amounts were included in income (loss) from equity method investments in the accompanying consolidated statements of comprehensive income (loss) for the years ended December 31, 2024, 2023, and 2022, respectively. For the years ended December 31, 2024, 2023, and 2022, the Company received \$1,401, nil, and nil dividends from equity investee, respectively.

NOTE 14 – SHORT-TERM INVESTMENTS

Pursuant to an Agreement entered into on September 19, 2022 (the “Agreement”), ACM Shanghai became a limited partner of the Nuode Asset Fund Pujiang No. 783 Single Asset Management Plan (“Nuode Asset Fund”), a Chinese limited partnership formed by Nuode Asset Management Co., Ltd, a financial services firm based in Shanghai, China. Nuode Asset Fund was formed to establish a special fund with the purpose to participate in certain technology related investments in mainland China. Subsequent to the future purchase, any investment will be held by Nuode Asset Fund and restricted for a minimum period of nine months. The limited partners of the Nuode Asset Fund contributed a \$22,160 to the fund, of which ACM Shanghai contributed \$4,196, or 18.75% of the contribution on September 27, 2022. In December 2022, the Nuode Asset Fund purchased shares in the secondary stock offering of a publicly traded mainland China-stock listing, and was apportioned to the limited partners in proportion to their respective capital contributions. The investments were fully-disposed

by Nuode Asset Fund during the year ended December 31, 2024, and the Company received net proceeds of RMB 22,478 (\$3,167).

Pursuant to a Share Purchase Agreement dated June 2023, ACM Shanghai acquired shares of Huahong Semiconductor Limited (“Huahong”) in July 2023 with amount of \$13,930. The shares held by ACM Shanghai are restricted for sale for a minimum period of twelve months. Huahong completed its STAR IPO in August 2023.

Pursuant to a Share Purchase Agreement dated August 2023, ACM Shanghai acquired shares of Zhongjuxin Limited Company (“Zhongjuxin”) in September 2023 with amount of \$4,179. The shares held by ACM Shanghai are restricted for sale for a minimum period of twelve months. Zhongjuxin completed its STAR IPO in September 2023. The investments were partially-disposed by ACM Shanghai and net proceeds of RMB38,464 (\$5,267) were received during the year ended December 31, 2024.

Pursuant to a Share Purchase Agreement dated January 2024, ACM Shanghai acquired shares of Shanghai Syncrystalline Silicon Materials Co., Ltd. (“Syncrystalline”) in February 2024 with amount of RMB 10 million (\$1,409). The shares held by ACM Shanghai are restricted for sale for a minimum period of twelve months. Syncrystalline completed its STAR IPO in February 2024. As of December 31, 2024, the Company's total investment costs in Syncrystalline were RMB20 million (\$2,818), including RMB 10 million (\$1,409) invested by ACM Shanghai in 2021 and RMB 10 million (\$1,409) invested by ACM Shanghai in February 2024.

The components of short-term investments were as follows:

	December 31,	
	2024	2023
Short-term investments listed in Shanghai Stock Exchange		
Cost	\$ 17,731	\$ 20,155
Market value	\$ 19,373	\$ 21,312

For the years ended December 31, 2024, 2023 and 2022, the net gains (losses) recognized on equity securities were as follows:

	Year ended December 31		
	2024	2023	2022
Unrealized gains (losses) recognized during the reporting period on short-term investment still held at December 31	\$ 973	\$ (2,737)	\$ (7,855)
Net realized gains on short-term investment sold during the period	1,788	9,047	1,116
Total net gains (losses) recognized at December 31 on short-term	\$ 2,761	\$ 6,310	\$ (6,739)

For the years ended December 31, 2024, 2023 and 2022, the Company received proceeds of \$8,434, \$21,735 and \$4,577 from the sale of short-term investments, respectively, including realized gains of \$1,788, \$9,047 and \$1,116, respectively.

NOTE 15 – RELATED PARTY BALANCES AND TRANSACTIONS

Ninebell

Ninebell is an equity investee of ACM (Note 13) and is the Company’s principal supplier of robotic delivery system subassemblies used in our single-wafer cleaning equipment. The Company purchases inventories from Ninebell for

production in the ordinary course of business. The Company pays for a portion of the inventories in advance and is obligated for the remaining amounts upon receipt of the product.

Shengyi

Shengyi is an equity investee of ACM Shanghai (Note 13) and is one of the Company's component suppliers in mainland China. The Company purchases components from Shengyi for production in the ordinary course of business. The Company incurs a service fee related to installation and hook-up fees which is recorded within cost of revenue on the Company's consolidated statements of comprehensive income (loss). The Company pays for a portion of the raw materials in advance and is obligated for the remaining amounts upon receipt of the product.

All related party outstanding balances are short-term in nature and are expected to be settled in cash.

The following tables represent related party transactions with the equity investees as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
Advances to related party		
Ninebell	\$ 1,024	\$ 2,432

	December 31,	
	2024	2023
Accounts payable		
Ninebell	\$ 10,830	\$ 7,624
Shengyi	5,303	3,783
Total	\$ 16,133	\$ 11,407

	Year Ended December 31		
	2024	2023	2022
Purchase of materials			
Ninebell	\$ 53,792	\$ 42,737	\$ 40,985
Shengyi	6,794	5,006	5,350
Total	\$ 60,586	\$ 47,743	\$ 46,335

	Year Ended December 31		
	2024	2023	2022
Service fee charged by			
Shengyi	\$ 595	\$ 820	\$ 543
Total	\$ 595	\$ 820	\$ 543

NOTE 16 – COMMON STOCK

At December 31, 2024 and 2023, ACM was authorized to issue 150,000,000 shares of Class A common stock and 5,307,816 shares of Class B common stock, each with a par value of \$0.0001. Each share of Class A common stock is entitled to one vote, and each share of Class B common stock is entitled to twenty votes and is convertible at any time into one share of Class A common stock. Shares of Class A common stock and Class B common stock are treated equally, identically and

ratably with respect to any dividends declared by the Board of Directors unless the Board of Directors declares different dividends to the Class A common stock and Class B common stock by getting approval from a majority of common stockholders.

During the year ended December 31, 2024, 2023 and 2022, ACM issued 1,902,713, 1,380,886 and 980,354 shares of Class A common stock upon option exercises by employees and non-employees, respectively, and issued nil, nil, and 66,003 shares of Class A common stock upon conversion of an equal number of shares of Class B common stock, respectively.

At December 31, 2024 and 2023, the number of shares of Class A common stock issued and outstanding was 57,938,885 and 56,036,172, respectively. At December 31, 2024 and 2023, the number of shares of Class B common stock issued and outstanding was 5,021,811 and 5,021,811, respectively.

NOTE 17 – STOCK-BASED COMPENSATION

ACM's stock-based compensation consists of employee and non-employee awards issued under its 1998 Stock Option Plan and its 2016 Omnibus Incentive Plan. The vesting condition may consist of service period condition or certain performance conditions, as determined by the Board of Directors. The fair value of the stock options granted with a service period based condition and/or performance condition is estimated at the date of grant using the Black-Scholes option pricing model. The fair value of the stock options granted with a market based condition is estimated at the date of grant using the Monte Carlo simulation model.

Employee Awards

The following table summarizes the ACM's employee share option activities:

	Number of Option Shares	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding at December 31, 2021	8,402,247	\$ 2.45	\$ 5.88	6.53 years
Granted	1,653,300	10.31	22.41	
Exercised	(416,546)	1.20	2.97	
Forfeited/cancelled	(427,360)	11.41	25.24	
Outstanding at December 31, 2022	9,211,641	\$ 3.58	\$ 8.24	6.36 years
Granted	2,230,500	10.38	13.91	
Exercised	(1,080,952)	0.90	2.28	
Forfeited/cancelled	(362,552)	11.24	22.92	
Outstanding at December 31, 2023	9,998,637	\$ 5.15	\$ 9.47	6.17 years
Granted	461,000	15.31	20.69	
Exercised	(1,523,619)	1.91	4.10	
Forfeited/cancelled	(84,423)	11.47	24.29	
Outstanding at December 31, 2024	8,851,595	\$ 6.18	\$ 10.84	5.81 years
Vested and exercisable at December 31, 2024	5,528,459	\$ 4.73	\$ 9.23	4.81 years

As of December 31, 2024, \$23,133 of total unrecognized employee stock-based compensation expense, net of estimated forfeitures, related to stock-based awards for ACM was expected to be recognized over a weighted-average period of 3.30 years. Total recognized compensation cost may be adjusted for future changes in estimated forfeitures.

The aggregate intrinsic value of options exercised in the years ended December 31, 2024, 2023 and 2022 was \$35,675, \$15,457, and \$6,429 respectively. The aggregate intrinsic value of options outstanding and exercisable as of December 31, 2024 were \$53,004 and \$42,841, respectively.

The aggregate fair value of the share-based awards vested during the years ended December 31, 2024, 2023 and 2022 were \$26,137, \$18,378 and \$13,137, respectively.

The fair value of options granted to employees is estimated on the grant date using the Black-Scholes valuation model with the following assumptions:

	Year ended December 31,		
	2024	2023	2022
Fair value of common stock(1)	\$18.67-\$31.92	\$11.85-\$17.23	\$16.83-\$25.45
Expected term in years(2)	5.50-6.25	5.50-6.25	5.50-6.25
Volatility(3)	83.85-85.48%	84.95-86.45%	49.43-50.87%
Risk-free interest rate(4)	3.80-4.49%	4.16-4.69%	1.70-3.04%
Expected dividend(5)	0 %	0 %	0 %

- (1) Fair value of Class A common stock value was the closing market price of the Class A common stock on the grant date.
- (2) Expected term of share options is based on the average of the vesting period and the contractual term for each grant.
- (3) Volatility is calculated based on the historical volatility of ACM in the period equal to the expected term of each grant.
- (4) Risk-free interest rate is based on the yields of U.S. Treasury securities with maturities similar to the expected term of the share options in effect at the time of grant.
- (5) Expected dividend is assumed to be 0% as ACM has no history or expectation of paying a dividend on its common stock.

Non-employee Award

The following table summarizes the ACM's non-employee share option activities:

	Number of Option Shares (1)	Weighted Average Grant Date Fair Value (1)	Weighted Average Exercise Price (1)	Weighted Average Remaining Contractual Term
Outstanding at December 31, 2021	2,067,018	\$ 0.33	\$ 0.97	3.98 years
Exercised	(563,808)	0.21	0.51	
Forfeited/cancelled	(19,552)	0.21	0.48	
Outstanding at December 31, 2022	1,483,658	0.38	1.15	3.68 years
Exercised	(299,934)	0.24	0.55	
Forfeited/cancelled	(12,929)	0.22	0.50	
Outstanding at December 31, 2023	1,170,795	\$ 0.42	\$ 1.31	2.66 years
Exercised	(379,094)	0.22	0.57	
Forfeited/cancelled	(7,569)	0.22	0.50	
Outstanding at December 31, 2024	784,132	\$ 0.52	\$ 1.68	2.12 years
Vested and exercisable at December 31, 2024	784,132	\$ 0.52	\$ 1.68	2.12 years

As of December 31, 2024, all of the non-employee share options were fully-vested. The aggregate intrinsic value of options exercised in the years ended December 31, 2024, 2023 and 2022 was \$7,901, \$3,796 and \$9,110, respectively. The aggregate intrinsic value of options outstanding and exercisable as of December 31, 2024 were \$10,523 and \$10,523, respectively.

The aggregate fair value of the share-based awards vested during the years ended December 31, 2024, 2023 and 2022 were \$408, \$479, and \$501, respectively.

ACM Shanghai 2019 Option Grants

In January 2020, ACM Shanghai adopted a 2019 Stock Option Incentive Plan (the “2019 Subsidiary Stock Option Plan”) that provides for, among other incentives, the granting to officers, directors, employees of options to purchase shares of ACM Shanghai’s common stock. The vesting conditions consist of service periods conditions and performance conditions related to certain earning targets determined by the Board of Directors of ACM Shanghai.

The following table summarizes the ACM Shanghai employee stock option activities:

	Number of Option Shares in ACM Shanghai	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding at December 31, 2021	5,377,500	\$ 0.24	\$ 2.04	2.50 years
Forfeited/cancelled	—	—	—	
Outstanding at December 31, 2022	5,377,500	\$ 0.23	\$ 1.93	1.76 years
Exercised	(2,150,309)	0.20	1.85	
Forfeited/cancelled	(92,308)	0.22	1.85	
Outstanding at December 31, 2023	3,134,883	\$ 0.24	\$ 1.85	0.85 years
Exercised	(3,033,344)	0.20	1.83	
Forfeited/cancelled	(101,539)	0.20	1.83	
Outstanding at December 31, 2024	\$ —	\$ —	\$ —	0.00 years
Vested and exercisable at December 31, 2024	\$ —	\$ —	\$ —	0.00 years

The aggregate intrinsic value of options exercised in the years ended December 31, 2024 and 2023 and 2022 was \$25,946, \$31,144 and nil, respectively. There were nil options outstanding and exercisable as of December 31, 2024.

The aggregate fair value of the share-based awards vested during the years ended December 31, 2024, 2023, and 2022 were nil, \$99, and \$568, respectively.

ACM Shanghai 2023 Option Grants

In June 2023, ACM Shanghai adopted a 2023 Stock Option Incentive Plan (the "2023 Subsidiary Stock Option Plan") that provides for, among other incentives, the granting to officers, directors, employees of options to purchase shares of ACM Shanghai's common stock. The vesting conditions consist of service periods conditions and performance conditions related to certain sales and research and development progress targets determined by the Board of Directors of ACM Shanghai.

The following table summarizes the ACM Shanghai 2023 Subsidiary Stock Option Plan's stock option activities:

	Number of Option Shares in ACM Shanghai	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding at December 31, 2022	—	\$ —	\$ —	0.00 years
Granted	10,648,500	9.49	7.06	
Forfeited/cancelled	(73,000)	9.49	7.06	
Outstanding at December 31, 2023	10,575,500	\$ 9.49	\$ 7.06	3.09 years

Granted	1,391,000	6.04	7.00		
Forfeited/cancelled	(362,190)	9.08	7.00		
Outstanding at December 31, 2024	11,604,310	\$ 9.01	\$ 7.00	2.48 years	
Vested and exercisable at December 31, 2024	2,559,435	\$ 8.50	\$ 6.99	0.59 years	

The fair value of options granted to employees is estimated on the grant date using the Black-Scholes valuation with following assumptions:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Fair value of common stock(1)	\$4.93-\$6.89	\$14.87
Expected term in years(2)	1.5-4.5	1.5-4.5
Volatility(3)	45.92%-56.18%	60.00%-60.60%
Risk-free interest rate(4)	1.50%-2.75%	1.50%-2.75%
Expected dividend (5)	— %	— %

(1) Equal to closing value on the grant date.

(2) Expected term of share options is based on the average of the vesting period and the contractual term for each grant.

(3) Volatility is calculated based on the historical volatility of ACM in the period equal to the expected term of each grant.

(4) Risk-free interest rate is based on the yields of RMB deposit in mainland China with maturities similar to the expected term of the share options in effect at the time of grant.

(5) Expected dividend is assumed to be 0% as the impact is adjusted on the value of share of common stock.

The aggregate intrinsic value of options exercised in the years ended December 31, 2024 and 2023 was \$20,712 and nil, respectively. The aggregate intrinsic value of options outstanding as of December 31, 2024 and 2023 was \$62,244 and \$81,981, respectively.

As of December 31, 2024, \$40,490 of total unrecognized employee stock-based compensation expense, net of estimated forfeitures, related to ACM Shanghai stock-based awards were expected to be recognized over a weighted-average period of 1.5 years. Total recognized compensation cost may be adjusted for future changes in estimated forfeitures.

The aggregate fair value of the share-based awards vested during the years ended December 31, 2024, 2023 and 2022 were \$21,748, nil, and nil, respectively.

The following table summarizes the components of stock-based compensation expense included in the consolidated statements of comprehensive income (loss):

	Year Ended December 31,		
	2024	2023	2022
Stock-Based Compensation Expense:			
Cost of revenue	\$ 2,385	\$ 1,406	\$ 520
Sales and marketing expense	10,552	5,684	1,877
Research and development expense	14,112	8,459	2,565
General and administrative expense	22,527	11,789	2,768
	<u>\$ 49,576</u>	<u>\$ 27,338</u>	<u>\$ 7,730</u>

	Year Ended December 31,		
	2024	2023	2022
Stock-based compensation expense by type:			
Employee stock option plan	\$ 10,469	\$ 6,213	\$ 7,346
Non-employee stock option plan	30	46	46
2019 and 2023 Subsidiary stock option plans	39,077	21,079	338
	<u>\$ 49,576</u>	<u>\$ 27,338</u>	<u>\$ 7,730</u>

NOTE 18 – INCOME TAXES

The following represent the U.S. and foreign components of income before income tax for the years ended December 31, 2024, 2023 and 2022:

	Year Ended December 31,		
	2024	2023	2022
U.S	\$ 21,282	\$ 10,420	\$ (3,456)
Foreign	145,018	105,796	70,818
Income before income taxes	<u>\$ 166,300</u>	<u>\$ 116,216</u>	<u>\$ 67,362</u>

The following represent components of the income tax benefit (expense) for the years ended December 31, 2024, 2023 and 2022:

Provision

	Year Ended December 31,		
	2024	2023	2022
Current:			
U.S. federal	\$ (483)	\$ (12,757)	\$ (479)
U.S. state	(2)	(150)	(18)
Total U.S. current tax benefit (expense)	(485)	(12,907)	(497)
Foreign	(29,120)	(19,696)	(11,139)
Total current tax expense	(29,605)	(32,603)	(11,636)
Deferred:			
U.S. federal	(5,244)	7,316	(10,927)
U.S. state	(63)	63	8
Total U.S. deferred tax benefit (expense)	(5,307)	7,379	(10,919)
Foreign	(119)	5,860	5,757
Total deferred tax benefit	(5,426)	13,239	(5,162)
Total income tax expense	\$ (35,031)	\$ (19,364)	\$ (16,798)

The Company's effective tax rate differs from statutory rates of 21% for U.S. federal income tax purposes and 12.5% to 25% for mainland China income tax purpose due to the effects of the valuation allowance and certain permanent differences as they pertain to book-tax differences in employee stock-based compensation and non-US research expense. A new requirement to capitalize and amortize previously deductible research and experimental expenses resulting from a change in Section 174 made by the Tax Cuts and Jobs Act of 2017 (the "TCJA") became effective on January 1, 2022. Under the TCJA, the Company is required to capitalize, and subsequently amortize R&D expenses over fifteen years for research activities conducted outside of the U.S. The capitalization of overseas R&D expenses resulted in a significant increase in the Company's global intangible low-taxed income inclusion beginning in 2022.

Pursuant to the Corporate Income Tax Law of mainland China, all of the Company's mainland China subsidiaries are liable to mainland China Corporate Income Taxes at a rate of 25%, except for ACM Shanghai and ACM Lingang. According to Guoshuihan 2009 No. 203, an entity certified as an "advanced and new technology enterprise" is entitled to a preferential income tax rate of 15%. ACM Shanghai was certified as an "advanced and new technology enterprise" in 2012 and again in 2016, 2018, 2021 and 2024, effective until December 31, 2026. In 2021, ACM Shanghai was certified as an eligible integrated circuit production enterprise and was entitled to a preferential income tax rate of 12.5% from January 1, 2020 to December 31, 2022. Certain entities which meet requirements according to the Policy of the Lingang New area in China (Shanghai) Pilot Free Trade Zone are entitled to a preferential income tax rate of 15%. ACM Lingang was certified for this in 2021, and this preferential income tax rate is valid from January 1, 2020 until December 31, 2024. The provision for mainland China corporate income tax for ACM Shanghai is calculated by applying the income tax rate of 15% for the years ended December 31, 2024 and December 31, 2023 and 12.5% for the year ended December 31, 2022.

Income tax expense for the years ended December 31, 2024, 2023 and 2022 differed from the amounts computed by applying the statutory U.S. federal income tax rate of 21% to pretax income as a result of the following:

	Year Ended December 31,		
	2024	2023	2022
Effective tax rate reconciliation:			
Income tax provision at statutory rate	21.00 %	21.00 %	21.00 %
Stock compensation	(2.96)	(2.00)	(2.72)
Foreign rate differential	(3.27)	(10.47)	(9.43)
Other permanent difference	0.21	0.03	(0.26)
Foreign income taxed in US	3.74	7.39	19.86
Foreign research expense	(6.42)	(8.01)	(4.79)
Change in valuation allowance	8.78	8.72	1.28
Total income tax expense	<u>21.08 %</u>	<u>16.66 %</u>	<u>24.94 %</u>

Tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets at December 31, 2024 and 2023 are presented below:

	December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carry forwards (offshore)	\$ 8,106	\$ 11,499
Net operating loss carry forwards (U.S.) and credit	8,653	4,930
Deferred revenue (offshore)	6,428	2,277
Accruals (U.S.)	212	3,632
Reserves and other (offshore)	6,631	4,662
Stock-based compensation (U.S.)	2,974	2,455
Stock-based compensation (offshore)	10,325	4,393
Lease liability	1,157	1,252
Total gross deferred tax assets	<u>44,486</u>	<u>35,100</u>
Less: valuation allowance	(26,516)	(11,917)
Total deferred tax assets	<u>17,970</u>	<u>23,183</u>
Deferred tax liabilities:		
Property and equipment	(1,190)	(1,325)
Equity investments and unrealized gain on short-term investments	(1,999)	(1,587)
Total deferred tax liabilities	<u>(3,189)</u>	<u>(2,912)</u>
Deferred tax assets, net	<u>\$ 14,781</u>	<u>\$ 20,271</u>

The Company considers all available evidence to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become realizable. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carry-forward periods), and projected taxable income in assessing the realizability of deferred tax assets. In making such judgments, significant weight is given to evidence that can be objectively verified. Based on all available evidence, a partial valuation allowance has been established against some net deferred tax assets as of December 31, 2024 and 2023, based on estimates of recoverability. In order to fully realize the deferred tax assets, the Company must generate sufficient taxable income in future periods before the expiration of the deferred tax assets governed by the tax code.

As of December 31, 2024 and 2023, the Company had valuation allowances, respectively, of \$5,467 and \$29 for U.S. federal purposes, \$295 and \$279 for U.S. state purposes and \$20,209 and \$11,585 for mainland China income tax purposes, and \$515 and \$14 for Korea income tax purposes.

As of December 31, 2024, the Company had operating loss carryforward amounts, or NOLs, of \$2,030 for U.S. federal income tax purposes and \$929 for U.S. state income tax purposes. As of December 31, 2023, the Company had NOLs, of \$3,121 for U.S. federal income tax purposes and \$593 for U.S. state income tax purposes. As of December 31, 2022, the Company had NOLs of \$4,385 for U.S. federal income tax purposes and \$545 for U.S. state income tax purposes.

As of December 31, 2024 and 2023, the Company had NOLs, respectively, \$30,481 and \$46,467 for mainland China income tax purposes and \$2,339 and \$64 for Korea income tax purposes. Such losses begin expiring in 2037, 2032, 2027 and 2037 for U.S. federal, U.S. state, mainland China, and Korea income tax purposes, respectively.

Under provisions of the U.S. Internal Revenue Code (the "IRC"), a limitation applies to the use of the U.S. net operating loss and credit carry-forwards that would be applicable if ACM experiences an "ownership change," as defined in IRC Section 382. ACM conducted an analysis of its stock ownership under IRC Section 382 and \$2,030 of the net operating loss carryforwards are subject to annual limitation as a result of the ownership change in 2017. The net operating loss carryforwards are not expected to expire before utilization.

Tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more-likely-than-not recognition threshold it is then measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The aggregate changes in the balance of gross unrecognized tax benefits, for the years ended December 31, 2024, 2023 and 2022 were as follows:

	Year Ended December 31,		
	2024	2023	2022
Beginning balance	\$ 13,026	\$ 8,448	\$ 6,066
Increase of unrecognized tax benefits related to current year	2,308	4,379	2,623
Increase of unrecognized tax benefits taken in prior years	6,871	199	—
Reductions for tax positions related to prior years	(5,431)	—	(241)
Ending balance	<u>\$ 16,774</u>	<u>\$ 13,026</u>	<u>\$ 8,448</u>

The Company is subject to taxation in the United States, state, and foreign jurisdictions. All tax returns will remain open for examination by the federal and state authorities for three and four years, respectively, from the date of utilization of any net operating loss or credits. Certain tax years are subject to foreign income tax examinations by tax authorities until the statute of limitations expire.

The Company had \$16,774 and \$13,026 of unrecognized tax benefits as of December 31, 2024 and 2023, respectively.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2024 and 2023, respectively, the Company had \$2,973 and \$1,667 of accrued penalties related to uncertain tax positions, all of which was recognized in the Company's consolidated statements of comprehensive income (loss) for the year then ended. The amount of the unrecognized tax benefit that, if recognized, would impact the effective tax rate was \$16,638 as of December 31, 2024. There were no ongoing examinations by taxing authorities as of December 31, 2024 or 2023.

Prior to the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), the Company asserted that all unremitted earnings of its foreign subsidiaries were considered indefinitely reinvested. As a result of the Tax Act, the Company reported and paid U.S. tax on the majority of its previously unremitted foreign earnings, and repatriations of foreign earnings will generally be free of U.S. federal tax, but may incur other taxes such as withholding or state taxes. As of December 31, 2024, the Company has not made a provision for U.S. or additional foreign withholding taxes on approximately \$238,605 of undistributed earnings of its foreign subsidiaries that is indefinitely reinvested. Generally, such amounts become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances.

NOTE 19 – SEGMENT INFORMATION

The Company identifies operating segments according to how the business activities are managed and evaluated. The Company's chief operating decision maker ("CODM") has been identified as ACM's Chief Executive Officer. The Company's operating segments include ACM Research and ACM Shanghai. As the Company is engaged in the developing, manufacture and sale of capital equipment to global semiconductor manufacturers, and each of the operating segments share similar economic and other qualitative characteristics, the results of the Company's operating segments are aggregated into one reportable segment.

For geographical reporting, revenue by geographic location is determined by the location of customers' facilities to which products were shipped. Long-lived assets consist primarily of property, plant and equipment, other long-term assets, and right-of-use assets and are attributed to the geographic location in which they are located. Long-lived assets by geographic region as of the years ended were as follows:

	December 31,	
	2024	2023
Long-lived assets by geography:		
Mainland China include I.A	\$ 287,888	\$ 209,725
Korea	10,358	12,190
United States	8,973	1,276
Total	\$ 307,219	\$ 223,191

NOTE 20 – COMMITMENTS AND CONTINGENCIES

The Company leases offices and manufacturing locations under non-cancelable operating lease agreements. See note 11 for future minimum lease payments under non-cancelable operating lease agreements with initial terms of one year or more.

As of December 31, 2024, the Company had \$6,391 of open commitments to construction contracts.

Covenants in ACM Lingang's Grant Contract for State-owned Construction Land Use Right in Shanghai City (Category of R&D Headquarters and Industrial Projects) with the China (Shanghai) Pilot Free Trade Zone Lingang Special Area Administration require, among other things, that ACM Lingang pay liquidated damages in the event that (a) it does not make a total investment (including the costs of construction, fixtures, equipment and grant fees) of at least RMB 450.0 million (\$63,400) or (b) within six years after the land use right is obtained, the Company does not (i) generate a minimum specified amount of annual sales of products manufactured on the granted land or (ii) pay to mainland China at least RMB 157.6

million (\$22,000) in annual total taxes (including value-added taxes, corporate income tax, personal income taxes, urban maintenance and construction taxes, education surcharges, stamp taxes, and vehicle and shipping taxes) as a result of operations in connection with the granted land.

As of December 31, 2024 and December 31, 2023, the Company had incurred in total \$156,205 and \$116,932, respectively for its Lingang-related investments.

In the normal course of business, the Company is subject to contingencies, including legal proceedings and environmental claims arising out of the normal course of businesses that relate to a wide range of matters, including among others, contracts breach liability. The Company records accruals for such contingencies based upon the assessment of the probability of occurrence and, where determinable, an estimate of the liability. Management may consider many factors in making these assessments including past history, scientific evidence and the specifics of each matter. Some of these contingencies involve claims that are subject to substantial uncertainties and unascertainable damages.

The Company's management has evaluated all such proceedings and claims that existed as of December 31, 2024 and 2023. In the opinion of management, no provision for liability nor disclosure was required as of December 31, 2024 related to any claim against the Company because: (a) there is not a reasonable possibility that a loss exceeding amounts already recognized (if any) may be incurred with respect to such claim; (b) a reasonably possible loss or range of loss cannot be estimated; or (c) such estimate is immaterial.

As of December 31, 2024, the Company had no outstanding legal proceedings.

NOTE 21 – PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

For the presentation of the parent company only condensed financial information, the Company records its investments in subsidiaries under the equity method of accounting as prescribed in ASC 323, Investments—Equity Method and Joint Ventures. Such investments are presented on the condensed balance sheets as “Investment in consolidated subsidiaries and equity method investees” and the subsidiaries' losses and gains as “Equity in earnings of consolidated subsidiaries and equity method investees” on the condensed statements of comprehensive income (loss). Certain information and footnote disclosures generally included in financial statements prepared in accordance with GAAP have been condensed or omitted. The footnote disclosure contains supplemental information relating to the operations of ACM separately.

ACM Shanghai paid a dividend to ACM during the years ended December 31, 2024 and 2023 (Note 2).

Except for long-term obligations, or guarantees, and loan borrowed by ACM Inc. from China CITIC Bank (note 12), ACM does not have significant capital or other commitments, as of December 31, 2024 or 2023.

The following represents condensed unconsolidated financial information of ACM only as of December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022:

CONDENSED BALANCE SHEETS

	December 31,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 54,764	\$ 41,616
Accounts receivable	2	988
Due from intercompany	6,554	3,176
Other receivable	8,938	5,803
Prepaid expenses	479	385
Total current assets	70,737	51,968
Deferred tax assets	4,610	20,271
Property, plant and equipment, net	7,990	134
Investment in consolidated subsidiaries and equity method investees	844,507	733,382
Total assets	927,844	\$ 805,755
Liabilities and Stockholders' Equity		
Loan borrowings	\$ 13,882	\$ 14,120
Accounts payable	391	524
Other payables	8,098	5,176
Income taxes payable	—	6,402
FIN-48 payable	848	12,149
Total liabilities	23,219	38,371
Total stockholders' equity	904,625	767,384
Total liabilities and stockholder's equity	\$ 927,844	\$ 805,755

CONDENSED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2024	2023	2022
Revenue	\$ 2,576	\$ 6,354	\$ 569
Cost of revenue	(132)	(4,336)	—
Gross profit	2,444	2,018	569
Operating expenses:			
Sales and marketing expenses	(6,909)	(4,715)	(3,193)
General and administrative expenses	(10,331)	(7,840)	(5,421)
Loss from operations	(14,796)	(10,537)	(8,045)
Equity in earnings of consolidated subsidiaries and equity method investees	87,916	73,707	32,145
Interest income, net	2,094	799	57
Interest expense, net	(560)	(66)	(7)
Other income, net	34,684	18,476	2,148
Income before income taxes	109,338	82,379	26,298
Income tax (expense) benefit	(5,711)	(5,030)	12,965
Net income	\$ 103,627	\$ 77,349	\$ 39,263
Foreign currency translation adjustment, net of tax	(14,373)	(8,803)	(49,655)
Unrealized gain on available-for-sale investments, net of tax	350	—	—
Comprehensive income (loss) attributable to ACM Research, Inc.	\$ 89,604	\$ 68,546	\$ (10,392)

CONDENSED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2024	2023	2022
Net cash provided by (used in) operating activities	\$ 15,285	\$ 1,489	\$ (5,997)
Net cash used in investing activities	(7,889)	(149)	(1,000)
Net cash provided by financing activities	5,752	16,423	1,314
Net increase (decrease) in cash and cash equivalents	13,148	17,763	(5,683)
Cash and cash equivalents, beginning of year	41,616	23,853	29,536
Cash and cash equivalents, end of year	\$ 54,764	\$ 41,616	\$ 23,853

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

None

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that our management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2024, our disclosure controls and procedures were designed at a reasonable assurance level and were effective to provide reasonable assurance that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer 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 and 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 our assets; (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 our receipts and expenditures are being made only in accordance with authorizations of our management and directors and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations

of the Treadway Commission (“COSO”). Our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

Attestation Report of Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2024 has been tested by Ernst & Young Hua Ming LLP, our independent registered public accounting firm, as stated in their report which is included in Part II, Item 8 of this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the most recent fiscal quarter ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On December 11, 2024, Chenming Hu, a member of the Board of Directors of ACM Research, adopted a Rule 10b5-1 trading arrangement (the “Hu Plan”) that is intended to satisfy the affirmative defense of Rule 10b5-1(c) of the Exchange Act. The Hu Plan allows for the contemporaneous exercise of options and sale of up to 326,310 shares of Class A Common Stock, at specific market prices, commencing on March 17, 2025, and continuing until (i) all such options are exercised and the underlying shares are sold, (ii) December 11, 2026, or (iii) such date that the Hu Plan is otherwise terminated according to its terms, whichever comes first.

On November 29, 2024, David Wang, President, Chief Executive Officer and a member of the Board of Directors of ACM Research, adopted a Rule 10b5-1 trading arrangement (the “Wang Plan”) that is intended to satisfy the affirmative defense of Rule 10b5-1(c) of the Exchange Act. The Wang Plan allows for the contemporaneous exercise of options and sale of up to 600,002 shares of Class A Common Stock, at specific market prices, commencing on May 21, 2025, and continuing until (i) all such options are exercised and the underlying shares are sold, (ii) November 27, 2026, or (iii) such date that the Wang Plan is otherwise terminated according to its terms, whichever comes first.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

(a) ACM Research was identified by the SEC pursuant to Section 104(i)(2)(A) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7214(i)(2)(A)) as having retained, for the preparation of the audit report on its financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2021, a registered public accounting firm that has a branch or office that is located in a foreign jurisdiction and that the PCAOB had then determined it was unable to inspect or investigate completely because of a position taken by an authority in the foreign jurisdiction, which determination was vacated by the PCAOB on December 15, 2022. ACM Research herein confirms that it is not owned or controlled by any governmental entity in such foreign jurisdiction.

(b) Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information responsive to this item is incorporated herein by reference to our definitive proxy statement with respect to our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this report.

Item 11. Executive Compensation

Information responsive to this item is incorporated herein by reference to our definitive proxy statement with respect to our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this report.

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

Information responsive to this item is incorporated herein by reference to our definitive proxy statement with respect to our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this report.

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

Information responsive to this item is incorporated herein by reference to our definitive proxy statement with respect to our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this report.

Item 14. Principal Accounting Fees and Services

Information responsive to this item is incorporated herein by reference to our definitive proxy statement with respect to our 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this report.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) See “Item 8. Financial Statements and Supplementary Data – Index to Consolidated Financial Statements” of Part II above and “Exhibit Index” below.

(b) Exhibits.

Exhibit No.	Description
3.01(a)	Restated Certificate of Incorporation of ACM Research, Inc. (incorporated herein by reference to Exhibit 3.01 to the Current Report on Form 8-K filed on November 14, 2017)
3.01(b)	Certificate of Amendment to Restated Certificate of Incorporation of ACM Research, Inc., dated July 13, 2021 (incorporated herein by reference to Exhibit 3.01 to the Current Report filed on July 13, 2021)
3.02	Restated Bylaws of ACM Research, Inc. (incorporated herein by reference to Exhibit 3.02 to the Current Report on Form 8-K filed on November 14, 2017)
4.01	Intercompany Promissory Note dated March 30, 2018 issued by ACM Research (Shanghai), Inc. to ACM Research, Inc. (incorporated herein by reference to Exhibit 10.04 to the Quarterly Report on Form 10-Q filed on May 14, 2018)
4.02	Description of ACM Research, Inc.’s Securities
10.01(a)	Lease dated March 22, 2017 between ACM Research, Inc. and D&J Construction, Inc. (incorporated herein by reference to Exhibit 10.01 to the Registration Statement on Form S-1 filed on September 13, 2017)

- 10.01(b) Lease Amendment dated February 28, 2018 between ACM Research, Inc. and D&J Construction, Inc. (incorporated herein by reference to Exhibit 10.06 to the Amended Quarterly Report on Form 10-Q/A filed on October 15, 2018)
- 10.01(c) Lease Amendment dated February 4, 2019 between ACM Research, Inc. and D&J Construction, Inc. (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 8, 2019)
- 10.01(d) Lease Amendment dated January 4, 2021 between ACM Research, Inc. and D&J Construction, Inc. (incorporated herein by reference to Exhibit 10.01(d) to the Annual Report on Form 10-K filed on March 1, 2022)
- 10.01(e) Lease Amendment dated February 1, 2023 between ACM Research, Inc. and D&J Construction, Inc.
- 10.02 Lease Agreement dated April 26, 2018 between ACM Research (Shanghai), Inc. and Shanghai Zhangjiang Group Co., Ltd. (incorporated herein by reference to Exhibit 10.01 to the Amended Quarterly Report on Form 10-Q/A filed on October 15, 2018)
- 10.03 Lease Agreement dated January 18, 2018 between ACM Research (Shanghai), Inc. and Shanghai Shengyu Culture Development Co., Ltd. (incorporated herein by reference to Exhibit 10.05 to the Amended Quarterly Report on Form 10-Q/A filed on October 15, 2018)
- 10.04 Signed Purchase and Sale Agreement and Receipt for Earnest Money, dated July 30, 2024, by and among ACM Research, Inc. and William R. O'Neill, Lynda E. O'Neill and Gordon A. Harris (incorporated herein by reference to Exhibit 10.01 to the Quarterly Report on Form 10-Q filed on August 7, 2024)
- 10.05 Securities Purchase Agreement dated March 23, 2017 between ACM Research, Inc. and Shanghai Science and Technology Venture Capital Co., Ltd., as amended (incorporated herein by reference to Exhibit 10.04 to the Amended Registration Statement on Form S-1/A filed on October 18, 2017)
- 10.06 Ordinary Share Purchase Agreement dated September 6, 2017 by and among ACM Research, Inc., Ninebell Co., Ltd. and Moon-Soo Choi (incorporated herein by reference to Exhibit 10.07 to the Amended Registration Statement on Form S-1/A filed on October 18, 2017)
- 10.08 Form of Capital Increase Agreement between ACM Research, Inc. and certain investors (incorporated herein by reference to Exhibit 10.01 to the Quarterly Report on Form 10-Q filed on August 12, 2019)
- 10.08(a) Schedule identifying agreements substantially identical to the form of Capital Increase Agreement filed as Exhibit 10.12 hereto (incorporated herein by reference to Exhibit 10.01(a) to the Quarterly Report on Form 10-Q filed on August 12, 2019)
- 10.09 Form of Agreement between ACM Research, Inc. and certain Investors (incorporated herein by reference to Exhibit 10.02 to the Quarterly Report on Form 10-Q filed on August 12, 2019)
- 10.09(a) Schedule identifying agreements substantially identical to the form of Agreement filed as Exhibit 10.13 hereto (incorporated herein by reference to Exhibit 10.02(a) to the Quarterly Report on Form 10-Q filed on August 12, 2019)
- 10.10 Partnership Agreement of Hefei Shixi Chanheng Integrated Circuit Industry Venture Capital Fund Partnership (LP) dated September 5, 2019 by and among Infotech National Emerging Industry Venture Investment Guidance Fund (LP), Hefei Guozheng Asset Management Co, Ltd., Hefei Economic and Technological Development Zone Industrial Investment Guidance Fund Co., Ltd., ACM Research (Shanghai), Inc., Hefei Tongyi Equity Investment Partnership (LP), Shenzhen Waitan Technology Development Co., Ltd., and Beijing Shixi Qingliu Investment Co., Ltd. (incorporated herein by reference to Exhibit 10.03 to the Quarterly Report on Form 10-Q filed on November 13, 2019)
- 10.11 2016 Omnibus Incentive Plan of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.01 to the Quarterly Report on Form 10-Q filed on December 8, 2017)
- 10.11(a)+ Form of Incentive Stock Option Grant Notice and Agreement under 2016 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.10(a) to the Registration Statement on Form S-1 filed on September 13, 2017)

10.11(b)+	Form of Non-qualified Stock Option Grant Notice and Agreement under 2016 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.10(b) to the Registration Statement on Form S-1 filed on September 13, 2017)
10.11(c)+	Form of Restricted Stock Unit Grant Notice and Agreement under 2016 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.10(c) to the Registration Statement on Form S-1 filed on September 13, 2017)
10.12+	Form of Nonstatutory Stock Option Agreement of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.11 to the Registration Statement on Form S-1 filed on September 13, 2017)
10.13+	1998 Stock Option Plan of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.12 to the Registration Statement on Form S-1 filed on September 13, 2017)
10.13(a)+	Form of Incentive Stock Option Agreement under 1998 Stock Option Plan (incorporated herein by reference to Exhibit 10.12(a) to the Registration Statement on Form S-1 filed on September 13, 2017)
10.13(b)+	Form of Non-statutory Stock Option Agreement under 1998 Stock Option Plan (incorporated herein by reference to Exhibit 10.12(b) to the Registration Statement on Form S-1 filed on September 13, 2017)
10.14	Form of Indemnification Agreement entered into between ACM Research, Inc. and certain of its directors and officers (incorporated herein by reference to Exhibit 10.13 to the Registration Statement on Form S-1 filed on September 13, 2017)
10.19†††	Grant Contract for State-owned Construction Land Use Right in Shanghai City (Category of R&D Headquarters and Industrial Projects) dated as of May 7, 2020 between ACM Research (Lingang), Inc. and China (Shanghai) Pilot Free Trade Zone Lin-gang Special Area Administration (incorporated herein by reference to Exhibit 10.01 to the Current Report on Form 8-K filed on May 13, 2020)
10.20†	Commitment Letter Regarding the Lock-up of Shares, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.01 to the Current Report on Form 8-K filed on June 1, 2020)
10.21†	Commitment Letter Regarding Shareholding Intent and Intent to Reduce Shareholding, effective as of May 26, 2020, of ACM Research, Inc. and David H. Wang (incorporated herein by reference to Exhibit 10.02 to the Current Report to Form 8-K filed on June 1, 2020)
10.22†	Commitment Letter Regarding the Plan and Binding Measures for Stabilizing the Stock Price of ACM Research (Shanghai), Inc. Within Three Years After Listing, effective as of May 26, 2020, of ACM Research, Inc., ACM Research (Shanghai), Inc., and certain individuals named therein (incorporated herein by reference to Exhibit 10.03 to the Current Report on Form 8-K filed on June 1, 2020)
10.23†	Commitment Letter Regarding Fraudulent Issuance of Listed Shares, effective as of May 26, 2020, of ACM Research, Inc., ACM Research (Shanghai), Inc. and David H. Wang (incorporated herein by reference to Exhibit 10.04 to the Current Report on Form 8-K filed on June 1, 2020)
10.24†††	Commitment Letter Regarding the Lack of False Records, Misleading Statements or Major Omissions in the Preliminary Information Document, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.05 to the Current Report on Form 8-K filed on June 1, 2020)
10.25†	Commitment Letter Regarding Making Up for Diluted Immediate Returns, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.06 to the Current Report on Form 8-K filed on June 1, 2020)
10.26†††	Commitment Letter Regarding Unfulfilled Commitment on Binding Measures, effective as of May 26, 2020, of ACM Research, Inc. and David H. Wang (incorporated herein by reference to Exhibit 10.07 to the Current Report on Form 8-K filed on June 1, 2020)
10.27†	Commitment Letter Regarding the Avoidance of Competition in the Same Industry, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.08 to the Current Report on Form 8-K filed on June 1, 2020)

10.28†	Commitment Letter Regarding the Standardization and Reduction of Related Transactions, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.09 to the Current Report on Form 8-K filed on June 1, 2020)
10.29†	Commitment Letter Regarding the Avoidance of Funds Occupation and Illegal Guarantee, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K filed on June 1, 2020)
10.30‡†	Statement and Commitment Letter, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.11 to the Current Report on Form 8-K filed on June 1, 2020)
10.31†	Commitment Letter Regarding Property Lease Matters, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.12 to the Current Report on Form 8-K filed on June 1, 2020)
10.32†	Commitment Letter Regarding Social Insurance and Housing Provident Fund Matters, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.13 to the Current Report on Form 8-K filed on June 1, 2020)
10.33†	Commitment Letter Regarding Foreign Exchange Matters, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.14 to the Current Report on Form 8-K filed on June 1, 2020)
10.34†	Confirmation and Commitment Letter Regarding the Historical Evolution Related Matters Regarding ACM Research (Shanghai), Inc., effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.15 to the Current Report on Form 8-K filed on June 1, 2020)
10.35†	Confirmation Letter, effective as of May 26, 2020, of ACM Research, Inc. (incorporated herein by reference to Exhibit 10.16 to the Current Report on Form 8-K filed on June 1, 2020)
10.38*†	Form of Shanghai Public Rental Housing Overall Pre-Sale Contract (incorporated herein by reference to Exhibit 10.01 to the Current Report on Form 8-K filed on February 25, 2021)
10.38(a)	Schedule identifying agreements substantially identical to the form of Shanghai Public Rental Housing Overall Pre-Sale Contract filed as Exhibit 10.43 hereto (incorporated herein by reference to Exhibit 10.01(a) to the Current Report on Form 8-K filed on February 25, 2021)
10.39†	Loan and Mortgage Contract dated November 19, 2020 between China Merchants Bank Co., Ltd., Shanghai Pilot Free Trade Zone Lin-Gang Special Area Sub-branch and Shengwei Research (Shanghai), Inc. (incorporated herein by reference to Exhibit 10.02 to the Current Report on Form 8-K filed on February 25, 2021)
10.40†	Irrevocable Letter of Guarantee dated November 19, 2020 between China Merchants Bank Co., Ltd., Shanghai Pilot Free Trade Zone Lin-Gang Special Area Sub-branch and ACM Research (Shanghai), Inc. (incorporated herein by reference to Exhibit 10.03 to the Current Report on Form 8-K filed on February 25, 2021)
10.41‡†	Plant lease Contract dated as of February 1, 2021 between ACM Research (Shanghai), Inc. and Shanghai Shengyu Culture Development Co., Ltd. (incorporated herein by reference to Exhibit 10.01 to the Quarterly Report on Form 10-Q filed on May 7, 2021)
10.42	Unofficial English Translation of RMB Working Capital Loan Contract dated as of July 25, 2023, by and between ACM Research, Inc. and China CITIC Bank Co., Ltd. Shanghai Bank (incorporated herein by reference to Exhibit 10.01 to the Current Report on Form 8-K filed on July 31, 2023)
10.43	Lease Agreement dated March 6, 2023, by and between Hillsboro 229, LLC and ACM Research, Inc. (incorporated herein by reference to Exhibit 10.02 to the Quarterly Report on Form 10-Q filed on August 7, 2023)
16.01	Letter from Armanino LLP dated September 26, 2023 to the Securities and Exchange Commission (incorporated herein by reference to Exhibit 16.1 to the Current Report on Form 8-K filed on September 26, 2023)
19	Insider Trading Policy reference in 2024 Proxy Statement
21.01	List of Subsidiaries of ACM Research, Inc.

23.01	Consent of Ernst & Young Hua Ming LLP
23.02	Consent of Armanino LLP
31.01	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.01	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.01	ACM Research, Inc. Incentive-Based Compensation Recovery Policy
99.01	Submission under Item 9C(a) of Form 10-K
101.INS	Inline 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.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in exhibit 101)

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+ Indicates management contract or compensatory plan.

‡ Certain information in this exhibit was omitted by means of redacting a portion of the text and replacing it with [***]

† Unofficial English translation of original document prepared in Mandarin Chinese.

* Certain appendices have been omitted pursuant to Item 601(a)(5) of Regulation S-K. We hereby undertake to furnish copies of the omitted appendices upon request by the Securities and Exchange Commission, provided that we may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934 for the appendices so furnished.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, as of March 3, 2025.

ACM RESEARCH, INC.

By: /s/ David H. Wang

David H. Wang

Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons in the capacities indicated as of March 3, 2025:

Signature	Title
<u>/s/ David H. Wang</u> David H. Wang	Chief Executive Officer, President and Director <i>(Principal Executive Officer)</i>
<u>/s/ Mark A. McKechnie</u> Mark A. McKechnie	Chief Financial Officer, Executive Vice President and Treasurer <i>(Principal Financial and Accounting Officer)</i>
<u>/s/ Haiping Dun</u> Haiping Dun	Director
<u>/s/ Chenming Hu</u> Chenming Hu	Director
<u>/s/ Tracy Liu</u> Tracy Liu	Director

