

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 7, 2024

Alpha and Omega Semiconductor Limited
(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction
of incorporation)

001-34717
(Commission
File Number)

77-0553536
(I.R.S. Employer
Identification No.)

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
(Address of principal registered offices)

(408) 830-9742
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	AOSL	The NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company ☐

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

Item 2.02. Results of Operations and Financial Condition.

The information in Item 2.02 of this Current Report, including the accompanying exhibit, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of Section 18. The information in Item 2.02 of this Current Report shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language contained in such filing.

On May 7, 2024, Alpha and Omega Semiconductor Limited (the “Company”) issued a press release regarding its financial results for the fiscal third quarter of 2024 ended March 31, 2024. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- | | |
|------|---|
| 99.1 | <u>Press Release dated May 7, 2024</u> |
| 99.2 | <u>Script of Prepared Remarks for Earnings Call</u> |

SIGNATURE

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

Dated: May 7, 2024

**Alpha and Omega
Semiconductor Limited**

By: /s/ Yifan Liang

Name: Yifan Liang

Title: Chief Financial Officer
and Corporate
Secretary

Alpha and Omega Semiconductor Reports Financial Results for the Fiscal Third Quarter of 2024 Ended March 31, 2024

SUNNYVALE, California, May 7, 2024 - Alpha and Omega Semiconductor Limited (“AOS”) (NASDAQ: AOSL) today reported financial results for the fiscal third quarter of 2024 ended March 31, 2024.

The results for the fiscal third quarter of 2024 ended March 31, 2024 were as follows:

GAAP Financial Comparison			
Quarterly			
(in millions, except percentage and per share data)			
(unaudited)			
	Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Revenue	\$ 150.1	\$ 165.3	\$ 132.6
Gross Margin	23.7 %	26.6 %	23.2 %
Operating Loss	\$ (10.5)	\$ (1.1)	\$ (14.4)
Net Loss	\$ (11.2)	\$ (2.9)	\$ (18.9)
Net Loss Per Share - Diluted	\$ (0.39)	\$ (0.10)	\$ (0.68)

Non-GAAP Financial Comparison			
Quarterly			
(in millions, except percentage and per share data)			
(unaudited)			
	Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Revenue	\$ 150.1	\$ 165.3	\$ 132.6
Non-GAAP Gross Margin	25.2 %	28.0 %	25.1 %
Non-GAAP Operating Income (Loss)	\$ (1.1)	\$ 8.4	\$ (2.9)
Non-GAAP Net Income (Loss)	\$ (1.2)	\$ 7.2	\$ (5.9)
Non-GAAP Net Income (Loss) Per Share - Diluted	\$ (0.04)	\$ 0.24	\$ (0.21)

The non-GAAP financial measures in the schedule above and under the section “Financial Results for Fiscal Q3 Ended March 31, 2024” below exclude the effect of share-based compensation expenses, amortization of purchased intangible, legal costs related to government investigation, equity method investment loss from equity investee, and income tax effect of non-GAAP adjustments in each of the periods presented. A detailed reconciliation of GAAP and non-GAAP financial measures is included at the end of this press release.

Financial Results for Fiscal Q3 Ended March 31, 2024

Revenue was \$150.1 million, a decrease of 9.2% from the prior quarter and an increase of 13.2% from the same quarter last year.

GAAP gross margin was 23.7%, down from 26.6% in the prior quarter and up from 23.2% in the same quarter last year.

Non-GAAP gross margin was 25.2%, down from 28.0% in the prior quarter and up from 25.1% in the same quarter last year.

GAAP operating expenses were \$46.1 million, up from \$45.1 million in the prior quarter and up from \$45.2 million in the same quarter last year.

Non-GAAP operating expenses were \$38.9 million, up from \$37.9 million from last quarter and up from \$36.2 million in the same quarter last year.

GAAP operating loss was \$10.5 million, up from \$1.1 million of operating loss in the prior quarter and down from \$14.4 million of operating loss in the same quarter last year.

Non-GAAP operating loss was \$1.1 million as compared to \$8.4 million of operating income for the prior quarter and \$2.9 million of operating loss for the same quarter last year.

GAAP net loss per diluted share was \$0.39, compared to \$0.10 net loss per share for the prior quarter, and \$0.68 net loss per share for the same quarter a year ago.

Non-GAAP net loss per share was \$0.04 compared to \$0.24 net income per share for the prior quarter and 0.21 net loss per share for the same quarter a year ago.

Consolidated cash flow provided by operating activities was \$28.2 million, as compared to \$23.5 million of cash flow used in operating activities in the prior quarter.

The Company closed the quarter with \$174.4 million of cash and cash equivalents.

AOS Chief Executive Officer Stephen Chang commented, "Our fiscal Q3 results were in-line with our guidance driven by seasonal declines in computing, smartphones, and quick chargers. We saw initial indications that inventory corrections across certain markets are nearing completion, setting the stage for a gradual recovery. Seasonality is starting to return as we prepare for PC and smartphone launches in the Fall."

Mr. Chang continued, "Looking beyond calendar 2024, AOS is transitioning from a component supplier to become a comprehensive solution provider, enabling us to 'go deeper' with increasing BOM content while penetrating new products and verticals. We are confident that our leading technology, extensive product portfolio, and Tier 1 customer base strategically position us well to outperform the broader markets we serve. We are optimistic about the future and look forward to executing on the opportunities ahead of us."

Business Outlook for Fiscal Q4 Ending June 30, 2024

The following statements are based on management's current expectations. These statements are forward-looking, and actual results may differ materially. AOS undertakes no obligation to update these statements.

Our expectations for the fiscal fourth quarter of year 2024 are as follows:

- Revenue to be approximately \$160 million, plus or minus \$10 million.
- GAAP gross margin to be 24.7%, plus or minus 1%. We anticipate non-GAAP gross margin to be 26.3%, plus or minus 1%.
- GAAP operating expenses to be in the range of \$47.9 million, plus or minus \$1 million. Non-GAAP operating expenses are expected to be in the range of \$39.5 million, plus or minus \$1 million.
- Net interest expense to be approximately \$0.5 million, and
- Income tax expense to be approximately \$0.9 million.

Conference Call and Webcast

AOS plans to hold an investor teleconference and live webcast to discuss the financial results for the fiscal third quarter ended March 31, 2024 today, May 7, 2024 at 2:00 p.m. PT / 5:00 p.m. ET. To listen to the live conference call, please dial +1 (833) 470-1428 or +1 (404) 975-4839 if dialing from outside the United States and Canada. The access code is 819299. A live webcast of the call will also be available in the "Events & Presentations" section of the company's investor relations website, <http://investor.aosmd.com>. The webcast replay will be available for seven days after the live call on the same website. In addition, a copy of the script of management's prepared remarks and a live webcast of the call will also be available in the "Events & Presentations" section of the company's investor relations website, <http://investor.aosmd.com>.

Forward-Looking Statements

This press release contains forward-looking statements that are based on current expectations, estimates, forecasts and projections of future performance based on management's judgment, beliefs, current trends, and anticipated product performance. These forward-looking statements include, without limitation, market trends in the semiconductor industry, our ability to mitigate economic downturns and current cycles, seasonality of our business, our ability to penetrate new markets and achieve long-term growth, our ability to improve our financial performance in 2024, our ability to increase BOM content, our projected amount of revenue, gross margin, operating income (loss), income tax expenses, net income (loss), and share-based compensation expenses, non-GAAP gross margin, non-GAAP operating expenses, income tax expenses, our ability to continue to win and acquire market share and other information under the section entitled "Business Outlook for Fiscal Q4 Ending June 30, 2024". Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. These factors include, but are not limited to, the state of semiconductor industry and seasonality of our markets; government policies on our business operations in China; our lack of control over the joint venture in China; difficulties and challenges in executing our diversification strategy into different market segments; ordering pattern from distributors and seasonality; changes in regulatory environment and government investigation; our ability to introduce or develop new and enhanced products that achieve market acceptance; decline of PC markets; the actual product performance in volume production; the quality and reliability of our product, our ability to achieve design wins; the general business and economic conditions; our ability to maintain factory utilization at a desirable level; and other risks as described in our SEC filings, including our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 filed by AOS with the SEC and other periodic reports we filed with the SEC. Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance, or achievements. You should not place undue reliance on these forward-looking statements. All information provided in this press release is as of today's date, unless otherwise stated, and AOS undertakes no duty to update such information, except as required under applicable law.

Use of Non-GAAP Financial Measures

To supplement our unaudited consolidated financial statements presented on a basis consistent with U.S. GAAP, we disclose certain non-GAAP financial measures for our historical performance, including non-GAAP gross profit, gross margin, operating expenses, operating income (loss), net income (loss), diluted earnings per share ("EPS") and EBITDAS. These supplemental measures exclude, among other items, share-based compensation expenses, legal and profession fees related to government investigation, amortization of purchased intangible, income tax effect of non-GAAP adjustments and equity method investment (income) loss from equity investee. We also disclose certain non-GAAP financial measures in our guidance for the next quarter, including non-GAAP gross margin and operating expenses. We believe that these historical and forecast non-GAAP financial measures provide useful information to both management and investors by excluding certain items and expenses that are not indicative of our core operating results or do not reflect our normal business operations. In addition, our management uses non-GAAP measures to compare our performance relative to forecasts and to benchmark our performance externally against competitors. Our use of non-GAAP financial measures has certain limitations in that such non-GAAP financial measures may not be directly comparable to those reported by other companies. For example, the terms used in this press release, such as non-GAAP net income (loss) or non-GAAP operating expenses, do not have a standardized meaning. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of our performance in relation to other companies. In addition, we included the amount of income tax effect of non-GAAP adjustments in the non-GAAP net income (loss) of reconciliation table for all periods presented as the management believes that such non-GAAP presentation provides useful information to investors, even though the amounts are not significant. We seek to compensate for the limitation of our non-GAAP presentation by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable U.S. GAAP measures both in the text in this press release and in the tables attached hereto. Investors are encouraged to review the related U.S. GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable U.S. GAAP financial measures.

About Alpha and Omega Semiconductor

Alpha and Omega Semiconductor Limited, or AOS, is a designer, developer, and global supplier of a broad range of discrete power devices, wide band gap power devices, power management ICs, and modules, including a wide portfolio of Power MOSFET, SiC, IGBT, IPM, TVS, HV Gate Drivers, Power IC, and Digital Power products. AOS has developed extensive intellectual property and technical knowledge that encompasses the latest advancements in the power semiconductor industry, which enables us to introduce innovative products to address the increasingly complex power requirements of advanced electronics. AOS differentiates itself by integrating its Discrete and IC semiconductor process technology, product design, and advanced packaging know-how to develop high-performance power management solutions. AOS' portfolio of products targets high-volume applications, including portable computers, flat-panel TVs, LED lighting, smartphones, battery packs, consumer and industrial motor controls, automotive electronics, and power supplies for TVs, computers, servers, and telecommunications equipment. For more information, please visit www.aosmd.com.

The following unaudited condensed consolidated financial statements are prepared in accordance with U.S. GAAP.

Alpha and Omega Semiconductor Limited
Condensed Consolidated Statements of Operations
(in thousands, except percentages and per share amounts)
(unaudited)

	Three Months Ended			Nine Months Ended	
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
Revenue	\$ 150,060	\$ 165,285	\$ 132,560	\$ 495,978	\$ 529,796
Cost of goods sold	114,505	121,284	101,774	365,497	374,841
Gross profit	35,555	44,001	30,786	130,481	154,955
Gross margin	23.7 %	26.6 %	23.2 %	26.3 %	29.2 %
Operating expenses:					
Research and development	23,095	22,919	22,578	68,127	65,435
Selling, general and administrative	22,964	22,216	22,610	64,611	69,603
Total operating expenses	46,059	45,135	45,188	132,738	135,038
Operating income (loss)	(10,504)	(1,134)	(14,402)	(2,257)	19,917
Other income (loss), net	308	(472)	(513)	(138)	(1,432)
Interest income (expense), net	271	274	5	774	(1,000)
Net income (loss) before income taxes	(9,925)	(1,332)	(14,910)	(1,621)	17,485
Income tax expense	611	894	2,517	2,643	5,550
Net income (loss) before income (loss) from equity method investment	(10,536)	(2,226)	(17,427)	(4,264)	11,935
Equity method investment income (loss) from equity investee	(676)	(697)	(1,480)	(4,085)	1,533
Net income (loss)	<u>\$ (11,212)</u>	<u>\$ (2,923)</u>	<u>\$ (18,907)</u>	<u>\$ (8,349)</u>	<u>\$ 13,468</u>
Net income (loss) per common share					
Basic	\$ (0.39)	\$ (0.10)	\$ (0.68)	\$ (0.30)	\$ 0.49
Diluted	\$ (0.39)	\$ (0.10)	\$ (0.68)	\$ (0.30)	\$ 0.46
Weighted average number of common shares used to compute net income (loss) per share					
Basic	28,433	27,939	27,710	28,022	27,537
Diluted	28,433	27,939	27,710	28,022	29,576

Alpha and Omega Semiconductor Limited
Condensed Consolidated Balance Sheets
(in thousands, except par value per share)
(unaudited)

	March 31, 2024	June 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 174,387	\$ 195,188
Restricted cash	208	415
Accounts receivable, net	13,254	22,420
Inventories	198,098	183,247
Other current assets	8,604	22,666
Total current assets	394,551	423,936
Property, plant and equipment, net	339,515	357,831
Operating lease right-of-use assets	24,421	24,349
Intangible assets, net	4,328	6,765
Equity method investment	359,244	366,617
Deferred income tax assets	499	536
Other long-term assets	31,491	19,703
Total assets	<u>\$ 1,154,049</u>	<u>\$ 1,199,737</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 42,513	\$ 50,775
Accrued liabilities	73,587	79,533
Payable related to equity investee, net	14,275	11,950
Income taxes payable	4,490	5,546
Short-term debt	11,584	11,434
Deferred revenue	7,664	8,073
Finance lease liabilities	917	867
Operating lease liabilities	4,909	4,383
Total current liabilities	159,939	172,561
Long-term debt	29,653	38,360
Income taxes payable - long-term	2,978	2,817
Deferred income tax liabilities	26,337	27,283
Finance lease liabilities - long-term	2,522	3,216
Operating lease liabilities - long-term	20,099	20,544
Other long-term liabilities	23,584	51,037
Total liabilities	265,112	315,818
Shareholders' Equity:		
Preferred shares, par value \$0.002 per share:		
Authorized: 10,000 shares; issued and outstanding: none at March 31, 2024 and June 30, 2023	—	—
Common shares, par value \$0.002 per share:		
Authorized: 100,000 shares; issued and outstanding: 35,836 shares and 28,697 shares, respectively at March 31, 2024 and 34,811 shares and 27,654 shares, respectively at June 30, 2023	72	70
Treasury shares at cost: 7,139 shares at March 31, 2024 and 7,157 shares at June 30, 2023	(79,220)	(79,365)
Additional paid-in capital	345,413	329,034
Accumulated other comprehensive loss	(11,125)	(8,111)
Retained earnings	633,797	642,291

Total shareholders' equity	888,937	883,919
Total liabilities and shareholders' equity	\$ 1,154,049	\$ 1,199,737

Alpha and Omega Semiconductor Limited
Selected Cash Flow Information
(in thousands, unaudited)

	Nine Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 18,591	\$ 48,654
Net cash used in investing activities	(28,593)	(90,603)
Net cash used in financing activities	(10,923)	(6,417)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(83)	(121)
Net decrease in cash, cash equivalents and restricted cash	(21,008)	(48,487)
Cash, cash equivalents and restricted cash at beginning of period	195,603	314,651
Cash, cash equivalents and restricted cash at end of period	\$ 174,595	\$ 266,164

Alpha and Omega Semiconductor Limited
Reconciliation of Condensed Consolidated GAAP Financial Measures to Non-GAAP Financial Measures
(in thousands, except percentages and per share data)
(unaudited)

	Three Months Ended			Nine Months Ended	
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
GAAP gross profit	\$ 35,555	\$ 44,001	\$ 30,786	130,481	\$ 154,955
Share-based compensation	1,424	1,504	1,723	3,140	5,259
Amortization of purchased intangible	812	812	812	2,435	2,435
Non-GAAP gross profit	<u>\$ 37,791</u>	<u>\$ 46,317</u>	<u>\$ 33,321</u>	<u>\$ 136,056</u>	<u>\$ 162,649</u>
Non-GAAP gross margin as a % of revenue	25.2 %	28.0 %	25.1 %	27.4 %	30.7 %
GAAP operating expense	\$ 46,059	\$ 45,135	\$ 45,188	\$ 132,738	\$ 135,038
Share-based compensation	7,041	7,187	8,709	14,934	28,860
Legal costs related to government investigation	103	16	304	172	556
Non-GAAP operating expense	<u>\$ 38,915</u>	<u>\$ 37,932</u>	<u>\$ 36,175</u>	<u>\$ 117,632</u>	<u>\$ 105,622</u>
GAAP operating income (loss)	\$ (10,504)	\$ (1,134)	\$ (14,402)	\$ (2,257)	\$ 19,917
Share-based compensation	8,465	8,691	10,432	18,074	34,119
Amortization of purchased intangible	812	812	812	2,435	2,435
Legal costs related to government investigation	103	16	304	172	556
Non-GAAP operating income (loss)	<u>\$ (1,124)</u>	<u>\$ 8,385</u>	<u>\$ (2,854)</u>	<u>\$ 18,424</u>	<u>\$ 57,027</u>
Non-GAAP operating margin as a % of revenue	(0.7)%	5.1 %	(2.2)%	3.7 %	10.8 %
GAAP net income (loss)	\$ (11,212)	\$ (2,923)	\$ (18,907)	\$ (8,349)	\$ 13,468
Share-based compensation	8,465	8,691	10,432	18,074	34,119
Amortization of purchased intangible	812	812	812	2,435	2,435
Equity method investment (income) loss from equity investee	676	697	1,480	4,085	(1,533)
Legal costs related to government investigation	103	16	304	172	556
Income tax effect of non-GAAP adjustments	(47)	(96)	3	(549)	244
Non-GAAP net income (loss)	<u>\$ (1,203)</u>	<u>\$ 7,197</u>	<u>\$ (5,876)</u>	<u>\$ 15,868</u>	<u>\$ 49,289</u>
Non-GAAP net margin as a % of revenue	(0.8)%	4.4 %	(4.4)%	3.2 %	9.3 %
GAAP net income (loss)	\$ (11,212)	\$ (2,923)	\$ (18,907)	\$ (8,349)	\$ 13,468
Share-based compensation	8,465	8,691	10,432	18,074	34,119
Amortization and depreciation	13,325	13,573	11,006	39,849	31,162
Equity method investment (income) loss from equity investee	676	697	1,480	4,085	(1,533)
Interest expense (income), net	(271)	(274)	(5)	(774)	1,000
Income tax expense	611	894	2,517	2,643	5,550
EBITDAS	<u>\$ 11,594</u>	<u>\$ 20,658</u>	<u>\$ 6,523</u>	<u>\$ 55,528</u>	<u>\$ 83,766</u>
GAAP diluted net income (loss) per share	\$ (0.39)	\$ (0.10)	\$ (0.68)	\$ (0.28)	\$ 0.46
Share-based compensation	0.30	0.29	0.38	0.60	1.15
Amortization of purchased intangible	0.03	0.03	0.03	0.08	0.08
Equity method investment (income) loss from equity investee	0.02	0.02	0.05	0.14	(0.05)

Legal costs related to government investigation	0.00	0.00	0.01	0.01	0.02
Income tax effect of non-GAAP adjustments	(0.00)	(0.00)	0.00	(0.02)	0.01
Non-GAAP diluted net income (loss) per share	<u>\$ (0.04)</u>	<u>\$ 0.24</u>	<u>\$ (0.21)</u>	<u>\$ 0.53</u>	<u>\$ 1.67</u>
Weighted average number of common shares used to compute GAAP diluted net income (loss) per share	28,433	27,939	27,710	28,022	29,576
Weighted average number of common shares used to compute Non-GAAP diluted net income (loss) per share	28,433	29,874	27,710	29,915	29,576

Investor and media inquiries:

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Alpha and Omega Semiconductor Limited
Prepared Remarks for the Investor Conference Call
for the Quarter Ended March 31, 2024

May 7, 2024

Steve Pelayo

Good afternoon, everyone, and welcome to Alpha and Omega Semiconductor's conference call to discuss fiscal 2024 third quarter financial results. I am Steven Pelayo, Investor Relations representative for AOS. With me today are Stephen Chang, our CEO, and Yifan Liang, our CFO. This call is being recorded and broadcast live over the Web. A replay will be available for seven days following the call via the link in the Investor Relations section of our website.

Our call will proceed as follows today. Stephen will begin business updates including strategic highlights, and a detailed segment report. After that, Yifan will review the financial results and provide guidance for the June quarter. Finally, we will have the Q&A session.

The earnings release was distributed over wire today, May 7, 2024, after the market close. The release is also posted on the company's website. Our earnings release and this presentation include non-GAAP financial measures. We use non-GAAP measures because we believe they provide useful information about our operating performance that should be considered by investors in conjunction with the GAAP measures. A reconciliation of these non-GAAP measures to comparable GAAP measures is included in the earnings release.

We remind you that during this conference call, we will make certain forward-looking statements, including discussions of the business outlook and financial projections. These forward-looking statements are based on management's current expectations and involve risks and uncertainties that could cause our actual results to differ materially. For a more detailed description of these risks and uncertainties, please refer to our recent and subsequent filings with the SEC. We assume no obligations to update the information provided in today's call.

Now, I will turn the call over to our CEO, Stephen Chang. Stephen?

Stephen Chang

Thank you, Steve. Welcome to Alpha and Omega's fiscal Q3 earnings call. I will begin with a high-level overview of our results and then jump into segment details.

We delivered fiscal Q3 results in-line with our guidance for revenue and gross margin. Revenue was \$150.1 million, non-GAAP gross margin was 25.2%. Non-GAAP EPS was slightly better than expectation at a loss per share of \$0.04. This quarter we saw seasonal declines in computing and smartphones, and continued inventory corrections in gaming, quick chargers and solar.

Looking at a broader view of the overall semiconductor cycle, inventory corrections across the majority of our end markets are now approaching their conclusion, positioning us for a gradual rebound as we move forward into the rest of calendar year 2024. For example, the rate of decline in gaming and quick chargers slowed during the quarter and we saw sequential growth in tablets, appliances and e-mobility. In addition, during the March quarter, we saw an increase in demand for newer applications such as graphics cards and A.I. applications.

As we stated last quarter, we are approaching the recovery phase of the next cycle. While the exact trajectory is hard to predict, we are coming out of the downturn an even stronger and more resilient company. Starting from the June quarter, we forecast a rebound in gaming and continued strength from tablets, graphics cards, and A.I. Looking beyond, we anticipate the second half of the year will be stronger than the first half as customers gear up for new product launches in smartphones, as well as PCs.

Looking beyond 2024 to the growth phase of the next cycle, AOS is transitioning from a component supplier to become a comprehensive solution provider, enabling us to 'go deeper' with increasing BOM content and penetrating new products and verticals. We have built upon our core competencies of high-performance silicon, advanced packaging and intelligent ICs to expand our product offering. For example, we now have multiphase controllers in addition to smart power stages to power not only computing Vcore, but also extending to graphics and A.I. datacenter applications for advanced computing. We also continue to leverage our core technology IP and strengths in other applications such as battery, motor and power supply, while investing in R&D into adjacent markets.

With that, let me now cover our segment results and provide some guidance by segment for the next quarter.

Starting with Computing. March quarter revenue was up 80.4% year-over-year and down 4.3% sequentially and represented 45.8% of total revenue. These results were in line with our original expectation for a mid-single digit decline sequentially due to seasonality and the impact of Chinese New Year. As mentioned before, sequential growth in graphics cards, tablets and A.I. accelerators helped partially offset the seasonal decline that was mostly from notebooks.

Looking forward into the June quarter, we expect the Computing segment to grow mid-to-upper single-digits on continued strength in tablets, A.I. accelerators and graphics cards.

Turning to the Consumer segment, March quarter revenue was down 47.1% year-over-year, up slightly 0.3% sequentially and represented 15.7% of total revenue. The results exceeded our forecast for a low-single digit sequential decline driven by strength in home appliances and LCD TV. The inventory correction in gaming continued in the March quarter, but as we suggested last

quarter, we see opportunities to increase BOM content within the current console platform as part of a product refresh coming very soon. We also remain engaged in deep discussions for their next generation model design.

For the June quarter, we forecast double digits sequential growth in the consumer segment due to an end to the inventory correction in gaming, which is expected to drive a strong rebound.

Next, let's discuss the Communications segment, revenue in the March quarter was up 39.2% year-over-year and down 7.4% sequentially, and represented 17.9% of total revenue. These results were below our expectations as continued strength in March quarter shipments to the Korea and China-based smartphone OEMs were offset by a seasonal decline in shipments to the Tier 1 U.S. smartphone customer, as well as a slowdown in networking.

Looking ahead, we anticipate a strong sequential rebound in shipments to our Tier 1 US smartphone customer as they prepare for their fall launch, while we forecast a sequential decline from Korea and China OEMs. Even with the sequential decline, our China OEM business remains strong and up significantly year-over-year.

Overall, we estimate the Communication segment will be flat sequentially in the June quarter, which is notably higher year-over-year because of our BOM content and market share increases.

Now, let's talk about our last segment, Power Supply and Industrial, which accounted for 16.5% of total revenue. March quarter revenue was down 6.5% year-over-year and down 29.0% sequentially. These results were driven by continued inventory correction in quick chargers following the peak season shipments to our Tier 1 U.S. smartphone customer in the September quarter last year; and a sequential decline in AC-DC power supplies, power tools and solar. As mentioned last quarter, we saw strong sequential growth from the e-mobility segment driven by deepening customer relationships for e-bikes and e-scooters.

For the June quarter, we expect this segment to increase mid-to-upper single digits sequentially mainly due to the end of the inventory correction in quick chargers, and continued strength in e-mobility.

In closing, we delivered fiscal Q3 in-line with our expectations. Over the past year or so, we have experienced rolling inventory corrections in nearly every one of our end markets. We believe the bulk of the adjustments are now behind us. Seasonality is starting to return as we prepare for PC and smartphone launches in the Fall.

Looking into the next cycle, we are poised for growth, bolstered by advanced technology, a diversified product portfolio addressing a broadening array of end markets, and a premier customer base across all business lines. Power management underpins key trends such as AI, digitalization, connectivity, and electrification – especially as we move towards a sustainable, low-carbon society. We are steadfast in executing our technology roadmap. Customers increasingly view us as a total solutions provider, allowing us to capture a greater portion of the bill-of-materials, and ultimately supporting growth that outpaces industry over the long run.

With that, I will now turn the call over to Yifan for a discussion of our fiscal third quarter financial results and our outlook for the next quarter.

Yifan Liang (Chief Financial Officer)

Thank you, Stephen. Good afternoon, everyone and thank you for joining us.

Revenue for the quarter was \$150.1 million, up 13.2% year-over-year and down 9.2% sequentially. While March quarter is historically our seasonally lowest revenue quarter due to the cyclical nature of consumer spending, the year-over-year growth indicated the strength of our recovery from the inventory corrections.

In terms of product mix, DMOS revenue was \$93.8 million, up 15.9% over last year and down 13.8% sequentially. Power IC revenue was \$50.0 million, up 5.4% from a year ago and down 0.6% from the prior quarter. Assembly service and other revenue was \$1.2 million, as compared to \$0.6 million for the same quarter last year and \$0.7 million last quarter. License and engineering service revenue was \$5.1 million for the quarter versus \$5.5 million in the prior quarter and \$3.6 million for the same quarter a year ago.

Non-GAAP gross margin was 25.2%, compared to 25.1% a year ago and 28.0% last quarter. The quarter-over-quarter decrease was mainly driven by lower utilization and ASP erosion, partially offset by better mix.

Non-GAAP operating expenses were \$38.9 million, compared to \$36.2 million last year and \$37.9 million for the prior quarter. The quarter-over-quarter increase was primarily due to higher payroll tax expenses given the start of a new calendar year.

Non-GAAP quarterly EPS was a loss of \$0.04, compared to a loss of \$0.21 a year ago and \$0.24 earnings per share last quarter.

Moving on to cash flow. Operating cash flow was \$28.2 million, including \$9.9 million of repayment of customer deposits. By comparison, operating cash flow was \$11.6 million last year and negative \$23.5 million in the prior quarter. We expect to refund about \$4.5 million customer deposits in the June quarter. We also repurchased 287,000 shares of employee restricted stock units (RSU) vested during the quarter for \$6.7 million. EBITDAS for the quarter was \$11.6 million, compared to \$6.5 million for the same quarter a year ago and \$20.7 million last quarter.

Now let me turn to our balance sheet.

We completed the March quarter with a cash balance of \$174.4 million, compared to \$162.3 million at the end of last quarter.

Net trade receivables decreased by \$18.7 million sequentially. Days Sales Outstanding was 15 days for the quarter, compared to 18 days for the prior quarter.

Net inventory increased by \$6.4 million quarter-over-quarter. Average days in inventory were 153 days, compared to 141 days in the last quarter.

CapEx for the quarter was \$7.4 million, compared to \$9.1 million for the prior quarter. We expect CapEx for the June quarter to range from \$6 million to \$8 million.

Now, I would like to discuss June quarter guidance.

We expect:

- Revenue to be approximately \$160 million, plus or minus \$10 million.
- GAAP gross margin to be 24.7%, plus or minus 1%. We anticipate non-GAAP gross margin to be 26.3%, plus or minus 1%.
- GAAP operating expenses to be in the range of \$47.9 million, plus or minus \$1 million. Non-GAAP operating expenses are expected to be in the range of \$39.5 million, plus or minus \$1 million.
- Net interest expense to be approximately \$0.5 million, and
- Income tax expense to be approximately \$0.9 million.

With that, we will now open the call for questions. Operator, please start the Q&A session.

Closing:

This concludes our earnings call today. Thank you for your interest in AOS and we look forward to talking to you again next quarter.

Special Notes Regarding Forward Looking Statements

This script contains forward-looking statements that are based on current expectations, estimates, forecasts and projections of future performance based on management's judgment, beliefs, current trends, and anticipated product performance. These forward looking statements include, without limitation, statements relating to projected amount of revenues, gross margin, operating expenses, operating income, tax expenses, net income, noncontrolling interest and share-based compensation expenses, production ramp up costs and annual revenue and growth objectives; statements regarding expected financial performance of market segments; the macroeconomic conditions and our expectation of recovery of current downturn and inventory correction cycles; our ability to mitigate risks relating to industry-wide downturn; the expected timeline of economic recovery in 2024, our ability and strategy to develop new products; fluctuation in customer demand and market segments; our share of Tier 1 customer; the execution of our business plan and strategies; and other information regarding the future development of our business. Forward looking statements involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. These factors include, but are not limited to, the state of semiconductor industry and seasonality of our markets; decline of the PC industry and our ability to respond to such decline; difficulties and challenges in executing our diversification strategy into different market segments; ordering pattern and seasonality; our ability to introduce or develop new and enhanced products that achieve market acceptance; the actual product performance in volume production, the quality and reliability of our product, our ability to achieve design wins, the general business and economic conditions, our ability to maintain factory utilization at a desirable level; and other risks as described in our SEC filings, including our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 and other periodic reports filed by AOS. Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Although we believe that the expectations reflected in the forward looking statements are reasonable, we cannot guarantee future results, level of activity, performance, or achievements. You should not place undue reliance on these forward-looking statements. All information provided in this press release is as of today's date, unless otherwise stated, and AOS undertakes no duty to update such information, except as required under applicable law.