



## Ambarella, Inc. Announces First Quarter Fiscal Year 2024 Financial Results

May 30, 2023

SANTA CLARA, Calif., May 30, 2023 (GLOBE NEWSWIRE) -- Ambarella, Inc. (NASDAQ: AMBA), an edge AI semiconductor company, today announced financial results for its first quarter of fiscal year 2024 ended April 30, 2023.

- Revenue for the first quarter of fiscal 2024 was \$62.1 million, down 31% from \$90.3 million in the same period in fiscal 2023.
- Gross margin under U.S. generally accepted accounting principles (GAAP) for the first quarter of fiscal 2024 was 60.4%, compared with 62.6% for the same period in fiscal 2023.
- GAAP net loss for the first quarter of fiscal 2024 was \$35.9 million, or loss per diluted ordinary share of \$0.91, compared with GAAP net loss of \$10.8 million, or loss per diluted ordinary share of \$0.29, for the same period in fiscal 2023.

Financial results on a non-GAAP basis for the first quarter of fiscal 2024 are as follows:

- Gross margin on a non-GAAP basis for the first quarter of fiscal 2024 was 63.1%, compared with 63.8% for the same period in fiscal 2023.
- Non-GAAP net loss for the first quarter of fiscal 2024 was \$6.0 million, or loss per diluted ordinary share of \$0.15. This compares with non-GAAP net income of \$17.1 million, or earnings per diluted ordinary share of \$0.44, for the same period in fiscal 2023.

Based on information available as of today, Ambarella is offering the following guidance for the second quarter of fiscal year 2024, ending July 31, 2023:

- Revenue is expected to be between \$60.0 million to \$64.0 million.
- Gross margin on a non-GAAP basis is expected to be between 62.5% and 64.5%.
- Operating expenses on a non-GAAP basis are expected to be between \$48.0 million and \$50.0 million.

Ambarella reports gross margin, net income (loss) and earnings (losses) per share in accordance with GAAP and, additionally, on a non-GAAP basis. Non-GAAP financial information excludes the impact of stock-based compensation and acquisition-related costs adjusted for the associated tax impact, which includes the effect of any benefits or shortfalls recognized. A reconciliation of the GAAP to non-GAAP gross margin, net income (loss) and earnings (losses) per share for the periods presented, as well as a description of the items excluded from the non-GAAP calculations, is included in the financial statements portion of this press release.

Total cash, cash equivalents and marketable debt securities on hand at the end of the first quarter of fiscal 2024 was \$227.4 million, compared with \$206.9 million at the end of the prior quarter and \$200.6 million at the end of the same quarter a year ago.

"We are pleased to announce our first CV3 platform win through our partnership with Continental, including both the CV3 SoC as well as our autonomous driving software stack IP, in a L4 commercial vehicle application," said Fermi Wang, President and CEO. "The cyclical headwinds persist and continue to pressure our financial results, but we are taking our inference AI strategy to the next level with our R&D investment focused on the build-out of our CV3 platform as well as new derivatives of our 3<sup>rd</sup> generation AI technology. For example, during Q1 we introduced and demonstrated CV72, a 5nm derivative of our CV3 SoC family, with strong interest and design activity from both IoT and automotive applications."

### Stock Repurchase

During the second quarter of fiscal year 2024, Ambarella's Board of Directors approved an extension of the current share repurchase program for an additional twelve months ending June 30, 2024. The company did not repurchase shares in the first quarter of fiscal 2024. As of today, approximately \$49.0 million is available for repurchases under the program. The repurchase program does not obligate the company to acquire any particular amount of ordinary shares, and it may be suspended at any time at the company's discretion.

### Quarterly Conference Call

Ambarella plans to hold a conference call at 4:30 p.m. Eastern Time / 1:30 p.m. Pacific Time today with Fermi Wang, President and Chief Executive Officer, and Brian White, Chief Financial Officer, to discuss the first quarter of fiscal year 2024 results. A live and archived webcast of the call will be available on Ambarella's website at <http://www.ambarella.com/> for up to 30 days after the call.

### About Ambarella

Ambarella's products are used in a wide variety of human vision and edge AI applications, including video security, advanced driver assistance

systems (ADAS), electronic mirror, drive recorder, driver/cabin monitoring, autonomous driving and robotics applications. Ambarella's low-power systems-on-chip (SoCs) offer high-resolution video compression, advanced image and radar processing, and powerful deep neural network processing to enable intelligent perception, fusion and planning. For more information, please visit [www.ambarella.com](http://www.ambarella.com).

**"Safe harbor" statement under the Private Securities Litigation Reform Act of 1995**

This press release contains forward-looking statements that are not historical facts and often can be identified by terms such as "outlook," "projected," "intends," "will," "estimates," "anticipates," "expects," "believes," "could," "should," or similar expressions, including the guidance for the second quarter of fiscal year 2024 ending July 31, 2023, and the comments of our CEO relating to cyclical headwinds faced by the Company and the impact on the Company's financial results, and customer interest in our new products and technology. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions. Our actual results could differ materially from those predicted or implied and reported results should not be considered as an indication of our future performance.

The risks and uncertainties referred to above include, but are not limited to, global economic and political conditions, including possible trade tariffs and restrictions; supply chain challenges in the semiconductor industry; revenue being generated from new customers or design wins, neither of which is assured; the commercial success of our customers' products; our growth strategy; our ability to anticipate future market demands and future needs of our customers, particularly for AI computer vision applications; our ability to introduce new and enhanced solutions; our ability to develop, and to generate revenue from, new advanced technologies, such as computer vision and AI functionality; our ability to retain and expand customer relationships and to achieve design wins; the expansion of our current markets and our ability to successfully enter new markets, such as the OEM automotive and robotics markets; anticipated trends and challenges, including competition, in the markets in which we operate; risks associated with global health conditions and associated risk mitigation measures; our ability to effectively manage growth; our ability to retain key employees; and the potential for intellectual property disputes or other litigation.

Further information on these and other factors that could affect our financial results is included in the company's Annual Report on Form 10-K for our 2023 fiscal year, which is on file with the Securities and Exchange Commission. Additional information will also be set forth in the company's quarterly reports on Form 10-Q, annual reports on Form 10-K and other filings the company makes with the Securities and Exchange Commission from time to time, copies of which may be obtained by visiting the Investor Relations portion of our web site at [www.ambarella.com](http://www.ambarella.com) or the SEC's web site at [www.sec.gov](http://www.sec.gov). Undue reliance should not be placed on the forward-looking statements in this release, which are based on information available to us on the date hereof. The results we report in our Quarterly Report on Form 10-Q for the first fiscal quarter ended April 30, 2023 could differ from the preliminary results announced in this press release.

Ambarella assumes no obligation and does not intend to update the forward-looking statements made in this press release, except as required by law.

**Non-GAAP Financial Measures**

The company has provided in this release non-GAAP financial information, including non-GAAP gross margin, net income (loss), and earnings (losses) per share, as a supplement to the condensed consolidated financial statements, which are prepared in accordance with generally accepted accounting principles ("GAAP"). Management uses these non-GAAP financial measures internally in analyzing the company's financial results to assess operational performance and liquidity. The company believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing its performance and when planning, forecasting and analyzing future periods. Further, the company believes these non-GAAP financial measures are useful to investors because they allow for greater transparency with respect to key financial metrics that the company uses in making operating decisions and because the company believes that investors and analysts use them to help assess the health of its business and for comparison to other companies. Non-GAAP results are presented for supplemental informational purposes only for understanding the company's operating results. The non-GAAP information should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from non-GAAP measures used by other companies.

With respect to its financial results for the first quarter of fiscal year 2024, the company has provided below reconciliations of its non-GAAP financial measures to its most directly comparable GAAP financial measures. With respect to the company's expectations for the second quarter of fiscal year 2024, a reconciliation of non-GAAP gross margin and non-GAAP operating expenses guidance to the closest corresponding GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the high variability and low visibility with respect to the charges excluded from these non-GAAP measures. We expect the variability of the above charges to have a significant, and potentially unpredictable, impact on our future GAAP financial results.

**AMBARELLA, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except share and per share data)  
(unaudited)

	Three Months Ended April 30,	
	2023	2022
Revenue	\$ 62,142	\$ 90,305
Cost of revenue	24,623	33,758
<b>Gross profit</b>	<b>37,519</b>	<b>56,547</b>
<b>Operating expenses:</b>		
Research and development	54,441	46,690
Selling, general and administrative	18,620	20,355
Total operating expenses	73,061	67,045

Loss from operations		(35,542)		(10,498)
Other income, net		1,286		86
<b>Loss before income taxes</b>		<b>(34,256)</b>		<b>(10,412)</b>
Provision for income taxes		1,646		410
<b>Net loss</b>	\$	<b>(35,902)</b>	\$	<b>(10,822)</b>
Net loss per share attributable to ordinary shareholders:				
Basic	\$	(0.91)	\$	(0.29)
Diluted	\$	(0.91)	\$	(0.29)
Weighted-average shares used to compute net loss per share attributable to ordinary shareholders:				
Basic		39,340,791		37,715,338
Diluted		39,340,791		37,715,338

The following tables present details of stock-based compensation and acquisition-related costs included in each functional line item in the condensed consolidated statements of operations above:

	<b>Three Months Ended April 30,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>(unaudited, in thousands)</b>			
Stock-based compensation:				
Cost of revenue	\$	941	\$	349
Research and development		18,361		17,151
Selling, general and administrative		7,963		9,541
Total stock-based compensation	\$	27,265	\$	27,041

	<b>Three Months Ended April 30,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>(unaudited, in thousands)</b>			
Acquisition-related costs:				
Cost of revenue	\$	757	\$	757
Research and development		—		—
Selling, general and administrative		520		536
Total acquisition-related costs	\$	1,277	\$	1,293

The difference between GAAP and non-GAAP gross margin was 2.7% and 1.2%, or \$1.7 million and \$1.1 million, for the three months ended April 30, 2023 and April 30, 2022, respectively. The differences were due to the effect of stock-based compensation and the amortization of acquisition-related costs.

**AMBARELLA, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP DILUTED EARNINGS (LOSSES) PER SHARE**  
(in thousands, except share and per share data)

	<b>Three Months Ended April 30,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>(unaudited)</b>			
GAAP net loss	\$	(35,902)	\$	(10,822)
Non-GAAP adjustments:				
Stock-based compensation expense		27,265		27,041
Acquisition-related costs		1,277		1,293

Income tax effect	1,333	(446)
Non-GAAP net income (loss)	\$ (6,027)	\$ 17,066
GAAP - diluted weighted average shares	39,340,791	37,715,338
Non-GAAP - diluted weighted average shares	39,340,791	39,002,530
GAAP - diluted net loss per share	\$ (0.91)	\$ (0.29)
Non-GAAP adjustments:		
Stock-based compensation expense	0.69	0.72
Acquisition-related costs	0.03	0.03
Income tax effect	0.04	(0.01)
Effect of Non-GAAP - diluted weighted average shares	—	(0.01)
Non-GAAP - diluted net income (loss) per share	\$ (0.15)	\$ 0.44

**AMBARELLA, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited, in thousands)

	April 30, 2023	January 31, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 127,741	\$ 113,541
Marketable debt securities	99,647	93,322
Accounts receivable, net	29,825	51,987
Inventories	41,223	40,486
Restricted cash	8	8
Prepaid expenses and other current assets	6,077	5,288
Total current assets	304,521	304,632
Property and equipment, net	11,279	11,814
Deferred tax assets, non-current	18,430	19,276
Intangible assets, net	55,535	58,497
Operating lease right-of-use assets, net	7,485	8,339
Goodwill	303,625	303,625
Other non-current assets	3,906	4,012
Total assets	\$ 704,781	\$ 710,195
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	25,625	17,845
Accrued and other current liabilities	46,011	56,655
Operating lease liabilities, current	3,567	3,539
Income taxes payable	3,619	4,112
Deferred revenue, current	1,327	1,311
Total current liabilities	80,149	83,462
Operating lease liabilities, non-current	4,163	5,097
Other long-term liabilities	14,278	15,548
Total liabilities	98,590	104,107
Shareholders' equity:		
Preference shares	—	—
Ordinary shares	18	18
Additional paid-in capital	607,971	572,076
Accumulated other comprehensive loss	(382)	(492)

Retained earnings (accumulated deficit)	(1,416)	34,486
Total shareholders' equity	<u>606,191</u>	<u>606,088</u>
 Total liabilities and shareholders' equity	 \$ 704,781	 \$ 710,195

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