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 June 30, 2025

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 001-34717

Alpha and Omega Semiconductor Limited
(Exact name of Registrant as Specified in its Charter)

Bermuda	77-0553536
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda
(Address of Principal Registered Offices including Zip Code)
(408) 830-9742
(Registrant's Telephone Number, Including Area Code)

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, $0.002 par value per share	**AOSL**	**The NASDAQ Global Select Market**

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 and posted 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. (Check one):

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer (Do not check if a smaller reporting company)	☐
Smaller reporting company	☐	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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its 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 Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting shares held by non-affiliates of the registrant as of December 31, 2024 was approximately $904 million based on the closing price of the registrant's common share as reported on the NASDAQ Global Select Market on December 31, 2024 (the last business day of the registrant's most recently completed second fiscal quarter). The common shares of the registrant held by each executive officer and director and certain affiliated shareholders who beneficially owned 10% or more of the outstanding common stock of the registrant have been excluded in such calculation as such persons and entities may be deemed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

There were 30,013,611 shares of the registrant's common shares outstanding as of July 31, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the registrant's 2025 Annual General Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K to the extent stated herein. The Definitive Proxy Statement is expected to be filed within 120 days of the registrant's fiscal year ended June 30, 2025.

Alpha and Omega Semiconductor Limited
Form 10-K
For the Year Ended June 30, 2025
TABLE OF CONTENTS

		Page
Part I.		
Item 1.	Business	1
Item 1A.	Risk Factors	13
Item 1B.	Unresolved Staff Comments	35
Item 1C.	Cybersecurity	36
Item 2.	Properties	38
Item 3.	Legal Proceedings	39
Item 4.	Mine Safety Disclosures	39
Part II.		40
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	40
Item 6.	[Reserved]	41
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	42
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	56
Item 8.	Financial Statements and Supplementary Data	57
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	57
Item 9A.	Controls and Procedures	57
Item 9B.	Other Information	60
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.	60
Part III.		61
Item 10.	Directors, Executive Officers and Corporate Governance	61
Item 11.	Executive Compensation	61
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	61
Item 13.	Certain Relationships and Related Transactions, and Director Independence	61
Item 14.	Principal Accountant Fees and Services	61
Part IV.		62
Item 15.	Exhibits and Financial Statement Schedule	62
Signatures		107

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PART I

Item 1. Business

Forward Looking Statements

This Annual Report on Form 10-K and the documents incorporated herein by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "intend," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "potential" and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. We discuss many of these risks, uncertainties and other factors in this Annual Report on Form 10-K in greater detail in Item 1A."Risk Factors." Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this filing. You should read this Annual Report on Form 10-K in its entirety and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Overview

We are a designer, developer and global supplier of a broad portfolio of power semiconductors. Our portfolio of power semiconductors includes approximately 2,800 products, and has grown with the introduction of over 100 new products in the fiscal year ended June 30, 2025, and over 100 and 60 new products in the fiscal years ended June 30, 2024 and 2023, respectively. Our teams of scientists and engineers have developed extensive intellectual properties and technical knowledge that encompass major aspects of power semiconductors, which we believe enables us to introduce and develop innovative products to address the increasingly complex power requirements of advanced electronics. We have an extensive patent portfolio that consists of 949 issued patents and 64 pending patents in the United States as of June 30, 2025. We also have a total of 961 foreign patents, which were based primarily on our research and development efforts through June 30, 2025. We differentiate ourselves by integrating our expertise in technology, design and advanced manufacturing and packaging to optimize product performance and cost. Our portfolio of products targets high-volume applications, including personal computers, graphic cards, game consoles, home appliances, power tools, smart phones, battery packs, consumer and industrial motor controls and power supplies for computers, servers and telecommunications equipment.

During the fiscal year ended June 30, 2025, we continued our diversification strategy by developing new silicon and packaging platforms to expand our serviceable available market, or SAM, and offer higher performance products. Our metal-oxide-semiconductor field-effect transistors, or MOSFET, portfolio expanded significantly across a full range of voltage applications. We also developed new technologies and products designed to penetrate into markets beyond our MOSFET computing base, including the consumer, communications and industrial markets, Insulated Gate Bipolar Transistors, or IGBTs and integrated power modules for the home appliance market, as well as power integrated circuits ("ICs") for personal computing ("PC "), advanced computing and gaming applications.

Our business model leverages global resources, including research and development and manufacturing in the United States and Asia. Our sales and technical support teams are localized in several growing markets. We operate an 8-inch wafer fabrication facility located in Hillsboro, Oregon, or the Oregon Fab, which is critical for us to accelerate proprietary technology development, new product introduction and improve our financial performance. To meet the market demand for the more mature high volume products, we also utilize the wafer manufacturing capacity of selected third party foundries. For assembly and test, we primarily rely upon our in-house facilities in China. In addition, we utilize subcontracting partners for industry standard packages. We believe our in-house packaging and testing capability provide us with a competitive advantage in proprietary packaging technology, product quality, cost and sales cycle time.

As of June 30, 2025, we owned approximately 39.2% of outstanding equity interest in a joint venture company (the "JV Company") that operates a power semiconductor packaging, testing and 12-inch wafer fabrication facility ("Fab", "Chongqing Fab") in the LiangJiang New Area of Chongqing, China, and the JV Company is an important supplier of wafers and assembly and test services to us. On December 30, 2024, the JV Company signed an investment agreement with an investor, pursuant to which the investor agreed to invest RMB 500 million (or $68.5 million based on the currency exchange rate between RMB and

U.S. Dollar on December 31, 2024) in the JV Company in exchange for a 7.09% interest. This transaction closed on January 15, 2025, at which time, the percentage of outstanding JV Company's equity interest owned by the Company was reduced to approximately 39.2%. We recorded a gain of $0.5 million on the change of equity interest in the JV Company, which was included in the equity method investment loss line in the consolidated statements of operations. The funding of the investment was agreed to be made in three installments. The JV Company received the first installment of RMB 40 million (or $5.5 million) on December 31, 2024. However, the JV Company has not received the remaining two installments as of the filing date.

On July 14, 2025, we entered into an equity transfer agreement ("Agreement") with the investor to sell approximately 20.3% of outstanding equity interest in the JV Company for an aggregate cash consideration of $150 million. We identified the negotiations of the equity transfer agreement throughout the fourth quarter of fiscal year 2025 as an impairment indicator and performed a quantitative impairment test as of June 30, 2025. Based on the implied valuation of the JV Company per the transaction price in the equity transfer agreement, the fair value of the equity method investment was determined to be lower than its carrying value, and a $76.8 million other-than-temporary impairment of the equity method investment was recognized as of June 30, 2025. We believe this sale will provide additional and significant capital for us to continue investment in technology, research and development projects and acquisition of assets complimentary to our business operations, which will facilitate and accelerate our efforts to develop and distribute innovative and diverse power semiconductor products to customers worldwide. In addition, the JV Company will continue to provide us with a significant level of foundry capacity to enable us to develop and manufacture our products. Pursuant to an agreement with the JV Company and other shareholders of the JV Company, the JV Company is committed to provide us with a specified level of monthly wafer production capacity.

Our industry

Semiconductors are electronic devices that perform a variety of functions, such as converting or controlling signals, processing data and delivering or managing power. The functionality and performance of semiconductors have generally increased over time, while size and cost have generally decreased. These advances have led to a proliferation of more complex semiconductors being used in a wide variety of consumer, computing, communications and industrial markets and have contributed to the growth of the semiconductor industry. Regulations governing energy efficiency have accelerated this process in many applications.

Analog semiconductors

The semiconductor industry is segmented into analog and digital. Analog semiconductors process light, sound, motion, radio waves and electrical currents and voltages. In contrast, digital semiconductors process binary signals represented by a sequence of ones and zeros.

As a result of these fundamental differences, the analog semiconductor industry is distinct from the digital semiconductor industry in terms of the complexity of design and the length of product cycle. Improper interactions between analog circuit elements can potentially render an electronic system inoperable. Experienced engineers engaged in the design process are necessary because computer-aided design cannot fully model the behavior of analog circuitry. Therefore, experienced analog engineers with requisite knowledge are in great demand but short supply worldwide. In addition, analog semiconductors tend to have a longer product life cycle because original design manufacturers, or ODMs, and original equipment manufacturers, or OEMs typically design the analog portions of a system to span multiple generations of products. Once designed into an application, the analog portion is rarely modified because even small changes to the analog portion can trigger unanticipated consequences in other components, resulting in system instability.

Power semiconductors

Power semiconductors are a subset of the analog semiconductor sector with their own set of characteristics unique to system power architecture and function. Power semiconductors transfer, manage and switch electricity to deliver the appropriate amount of voltage or current to a broad range of electronic systems and also protect electronic systems from damage resulting from excessive or inadvertent electrical charges.

Power semiconductors can be either discrete devices, which typically comprise only a few transistors or diodes, or ICs, which incorporate a greater number of transistors. The function of power discrete devices is power delivery by switching, transferring or converting electricity. Power transistors comprise the largest portion of the power discrete device market. Power ICs, sometimes referred to as power management ICs, perform power delivery and power management functions, such as controlling and regulating voltage and current and controlling power discrete devices.

The power semiconductor market has been driven by several key factors in recent years. The proliferation of computer and consumer electronics, such as notebooks, tablets, smart phones, and portable media players created the need for sophisticated power management that increases power efficiency and extends battery life. The evolution of these products is characterized by increased functionality, thinner and smaller form factors and decreasing prices. Our Power IC and low voltage

(5V-40V) MOSFET products address these markets. In the area of AC-DC power supplies for electronic equipment, data centers and servers, the market is characterized by a continuous demand for energy conservation through higher efficiency, which drives the market for our medium voltage (40V-400V) and high voltage (500V-1000V) MOSFET products. The increased application of power semiconductors to control motors in white goods and industrial applications is driving demand for IGBTs. IGBTs are also being used in renewable energy and automotive applications.

The evolution toward smaller form factors and complex power requirements in the low voltage areas has driven further integration in power semiconductors, resulting in power ICs that incorporate the functionalities of both power management and power delivery in a single device. Power ICs can be implemented by incorporating all necessary power functions either on one piece of silicon or multiple silicon chips encapsulated into a single device. Additionally, advancements in semiconductor packaging technology enable increased power density and shrinking form factors.

Our business and operational model is based on achieving a balance between technological advancement and cost effectiveness by using a dedicated in-house technology research and development team to drive rapid new product developments, while utilizing both in-house and third-party foundry capacity for our products. This is particularly important in the development of power semiconductor products due to the unique nature of their technology.

Our strategies

We seek to advance our position as a designer, developer and global supplier of a broad portfolio of power semiconductors. We have adopted strategies that allow us to balance the development of proprietary technology at in-house fabrication and packaging facilities and also utilize the capacity and manufacturing capability of third-party foundries and subcontractors. This enables us to bring new products to market faster, and improve our financial performance in the long run. This model also allows us to respond more quickly to our customer demands, enhances relationships with strategic customers, provides flexibility in capacity management, and enables geographic diversification of our supply chain. Our in-house manufacturing capability allows us to retain a higher level of control over the development and application of our proprietary process technology, thereby reducing certain supply chain and operational risks. In addition, we enhanced the manufacturing capability and capacity of our Oregon Fab by investing in new equipment and expanding factory facilities, which we expect will have a positive impact on our future new product development and revenue. We intend to continue exploring opportunities to expand our manufacturing capabilities, including acquisition of existing facilities, formation of joint ventures or partnerships with third parties or applying for government funding or grants available in the semiconductor industry.

Although our largest end-market is the Computing market, we have successfully diversified our business by expanding into other markets, including consumer, communications, and power supply and industrial markets. While we have made progress in our diversification and expansion into additional applications, we continue to support and grow our computing business by expanding bill-of-material content, gaining market share, acquiring new customers, and expanding into new application areas such as AI.

We plan to further expand the breadth of our product portfolio to increase our total bill-of-materials within an electronic system and to address the power requirements of additional electronic systems. Our product portfolio currently consists of approximately 2,800 products and we have introduced over 100 new products in this past fiscal year. We will continue to leverage our expertise to further increase our product lines, including higher performance power ICs, IGBTs and high, medium and low voltage MOSFETs, in order to broaden our addressable market and improve our margin profile. This includes expanding our power IC portfolio with multiphase controllers and smart power stages to address advanced System on Chip (SoC) products used in personal computing, AI, graphics cards, and gaming.

Leverage our power semiconductor expertise to drive new technology platforms

We believe that the ever-increasing demand for power efficiency in power semiconductors requires expertise in and a deep understanding of the interrelationship among device physics, process technologies, design and packaging. We also believe that engineers with experience and understanding of these multiple disciplines are in great demand but short supply. Within this context, we believe that we are well positioned to be a leader in providing total power management solutions because of our extensive pool of experienced scientists and engineers and our strong IP portfolio. Accordingly, we intend to leverage our expertise to increase the number of power discrete technology platforms and power IC designs, including multiphase controller products to expand our product offerings and deliver complete power solutions for our targeted applications. In addition, our ability to develop new technology is enhanced by the operation of our own manufacturing facilities in Oregon and our close partnership with the JV Company.

Increase direct relationships and product penetration with OEM and ODM customers

We have developed direct relationships with key OEMs that are responsible for branding, designing and marketing a broad array of electronic products, as well as ODMs that have traditionally been responsible for manufacturing these products.

We are also focusing on developing and solidifying relationships with certain Tier 1 customers, whose reputation, resources and market share may enable us to generate more significant sales and design wins, and we believe long-term relationships with Tier 1 customers will be a critical factor in our strategy to grow and expand our business operations. While OEMs typically focus design efforts on flagship products, ODMs are increasingly responsible for designing portions, or entire systems, of the products they manufacture for OEMs. In addition, several ODMs are beginning to design, manufacture and brand their own proprietary products which are sold directly to consumers. We intend to strengthen our existing relationships and form new ones with both OEMs and ODMs by aligning our product development efforts with their product requirements, thereby increasing the number of our products used within their systems, and leveraging relationships to penetrate other products. In addition, we are focusing our research and development efforts to respond more directly to market demand by designing and developing new products based on feedback from our customers, which also allows us to reduce time-to-market and sales cycles.

Leverage global business model for cost-effective growth

We intend to continue to leverage our global resources and regional strengths. We will continue to deploy marketing, sales and technical support teams in close proximity to our end customers. We will further expand and align our technical marketing and application support teams along with our sales team to better understand and address the needs of end customers and end-market applications, in particular for those with the new technology platforms developed in this past year and in the future. This will assist us in identifying and defining new technology trends and products and to help us gain additional design wins. While we no longer retain a controlling interest in the JV Company, we continue our strong relationship with the JV Company to support our manufacturing capacity. Also, we entered into an agreement with the JV Company, pursuant to which the JV Company agrees to provide us with a monthly wafer production capacity guarantee, subject to future increase when the JV Company's production capacity reaches certain specified levels. In addition, we continue to seek potential partners and collaborators to develop new technologies and products, as well as to explore other strategic transactions that will enable us to expand our manufacturing capacity and establish a global footprint.

Our products

We have created a broad product portfolio consisting of two major categories: power discretes and power ICs that serve the large and diverse analog market for power semiconductors.

Our power discrete products consist of low, medium and high voltage power MOSFETs. Our low voltage MOSFET series is based on our proprietary silicon and package technologies, with deep application know-how in various markets. We have precisely defined technology platforms to address different requirements from various applications. Our medium voltage MOSFETs provide optimized performance with high efficiency, high robustness and high reliability, and are widely used in applications such as TV backlighting, telecom power supplies, and industrial applications. We expanded our high voltage 600V and 700V MOSFET portfolio based on our aMOS5 technology platform in order to address demanding consumer and industrial applications. Our high-voltage portfolio includes our proprietary IGBT technology, which we provide highly robust and easy-to-use solutions for industrial motor control and white goods applications. We have also deployed our 1200V SiC (Silicon carbide) products based on our AlphaSiC platform, designed to address high efficiency, high density industrial applications such as solar inverters, UPS, and battery management systems.

Our power ICs deliver power as well as control and regulate the power management variables, such as the flow of current and level of voltage. Our DrMOS and smart power stage (SPS) family of products continue to grow as we paired our latest high performance MOSFET silicon with our latest Driver IC and smart driver technologies. We continue to expand our EZBuck power IC family with products that feature lower on-resistance, less power consumption, smaller footprint and thermally enhanced packages as well. Our smart load switch products have expanded beyond basic load switched to include specialized applications like Type C and eFuse. Success has been driven by increased power density and protection to discrete solutions. Sale of power ICs continued to gain traction during the past years especially with the expansion of our driver and multiphase controller product lines. We introduced higher voltage drivers to expand success beyond PCs to motor drive applications such as power tools and garden equipment. We have also made a major investment in R&D to enter the multiphase controller market in 2020 with the introduction of the Intel IMVP 9.1 controller for notebooks. Since then, AOS has released or is designing in several multiphase controller families serving Intel, AMD and NVIDIA. Introduction of these multiphase controllers has enabled AOS to become a complete solution level provider, across multiple compute platforms from PCs, graphics cards to AI and datacenter.

The following table lists our product families and the principal end uses of our products:

Product Family	Description	Product Categories within Product Type	Typical Application
Power Discretes	Low on-resistance switch used for routing current and switching voltages in power control circuits High power switches used for power circuits	DC-DC for CPU/GPU DC-AC conversion AC-DC conversion Load switching Motor control Battery protection Power factor correction	Smart phone chargers, battery packs, notebooks, desktop and servers, data centers, base stations, graphics card, game boxes, TVs, AC adapters, power supplies, motor control, power tools, E-vehicles, white goods and industrial motor drives, UPS systems, solar inverters and industrial welding
Power ICs	Integrated devices used for power management and power delivery	DC-DC Buck conversion DC-DC Boost conversion Smart load switching DrMOS power stage	Flat panel displays, TVs, Notebooks, graphic cards, servers, AI datacenters, DVD/Blu-Ray players, set-top boxes, and networking equipment
	Analog power devices used for circuit protection and signal switching	Transient voltage protection Analog switch Electromagnetic interference filter	Notebooks, desktop PCs, tablets, flat panel displays, TVs, smart phones, and portable electronic devices

Power discrete products

Power discretes are used across a wide voltage and current spectrum, requiring high efficiency and reliability under harsh conditions. Due to the diverse nature of end-market applications, we market both general purpose MOSFETs that are used in multiple applications as well as application specific MOSFETs.

Our current power discrete product line includes industry standard trench MOSFETs, Shielded-Gate low voltage and mid-voltage MOSFETs, SuperJunction high voltage MOSFETs, and trench-stop IGBTs, as well as application specific MOSFETs for smartphone battery management, dual MOSFETs for CPU power conversion, and high-power density MOSFETs for IBC power modules in AI data centers.

Power IC products

In addition to the traditional monolithic or single chip design, we employ a multi-chip approach for the majority of our power ICs. This multi-chip technique leverages our proprietary MOSFET and advanced packaging technologies to offer integrated solutions to our customers. This allows us to update product portfolios by interchanging only the MOSFETs without changing the power management IC, thereby reducing the time required for new product introduction and providing optimal solutions to our customers. We believe that our power IC products improve our competitive position by enabling us to provide higher power density solutions to our end customers than some of our competitors.

The incorporation of both power delivery and power management functions tends to make power ICs more application specific because these two functions have to be properly matched to a particular end product. We have local technical marketing and applications engineers who closely collaborate with our end customers to help ensure that power IC specifications are properly defined at the beginning of the design stage.

New Product Introduction

We introduced several new products based on our proprietary technology platform and continue to expand our product families.

During the fourth quarter of fiscal year of 2025, we unveiled mega IPM-7 series intelligent power modules engineered to improve application performance and deliver increased power density. These new series are optimized for brushless DC (BLDC) motor drive-based designs, including home appliance applications such as air-conditioners, refrigerators, dishwashers, and power tools. We announced AOTL66935 utilizes AOS' 100V AlphaSGT™ proprietary MOSFET technology which combines the advantages of trench technology for low on-resistance with high safe operating area (SOA) capability that meets 48V hot swap requirements in AI server and telecom applications. We introduced Gen3 1200V αSiC MOSFETs designed to maximize efficiency in high power applications. These Gen3 MOSFETs provide up to 30 percent improved switching figure-of-merit (FOM) compared to AOS' previous generation while maintaining low conduction losses at high load conditions. We also introduced AMD SVI3 multiphase controller with low quiescent power for graphics and desktop systems. In addition, we introduced 25V MOSFET in DFN3.3x3.3 source-down packaging that meets power demands in AI servers. The source-down

packaging technology offers a larger source contact to the PCB, and its center gate pin layout allows easier routing on the PCB, so the gate driver connection can be minimized.

During the third quarter of fiscal year of 2025, we unveiled a 16-phase controller that supports further AI server and graphic card innovation. This control scheme delivers a highly efficient, flexible power solution when paired with AOS' power stages. We also added two new advanced MOSFET package options for high-current applications. These devices provide low ohmic and high current capabilities, critical to reducing the number of parallel MOSFETs needed in high current designs such as in next-generation e-mobility and industrial applications.

During the second quarter of fiscal year of 2025, we announced our new application-specific EZBuck™ Regulator. The highly integrated, compact, and high-power-density AOZ23567QI constant on-time buck converter offers an upgraded solution that is designed to support VCCPRIM_VNNAON rails in the Intel Arrow Lake platform. Also, we unveiled our AOZ73004CQI, the world’s first 4-phase controller for blackwell GPUs. Its advanced design has received full OpenVReg (Open Voltage Regulator) OVR4-22 compliance.

During the first quarter of fiscal year of 2025, we announced new highly robust power MOSFET LFPAK 5x6 package for high performance and high-reliability requirements. It is designed to withstand harsh environments while maintaining MOSFET. In addition, we introduced an ideal diode protection switch with limited power source feature as a safeguard for multiport USB-C applications. The new device has advanced features that substantially reduce voltage drop and power loss compared to a discrete implementation.

Distributors and customers

We have established direct relationships with key OEMs, including Dell Inc., Hewlett-Packard Company, Samsung Group, and Stanley Black & Decker, Inc., most of whom we serve through our distributors and ODMs. In addition, based on our historical design win activities, our power semiconductors are also incorporated into products sold to many other leading OEMs.

Through our distributors, we provide products to ODMs who traditionally are contract manufacturers for OEMs. As the industry has evolved, ODMs are increasingly responsible for designing portions, or entire systems, of the products they manufacture for the OEMs. In addition, several ODMs are beginning to design, manufacture and brand their own proprietary products, which they sell directly to consumers. Our ODM customers include Compal Electronics, Inc., Foxconn, Quanta Computer Incorporated, Wistron Corporation and Delta Electronics.

In order to take advantage of the expertise of end-customer fulfillment logistics and shorter payment cycles, we sell most of our products through distributors. In general, under our agreements with distributors, they have limited rights to return unsold merchandise, subject to time and volume limitations. As of June 30, 2025, 2024 and 2023, our two largest distributors were WPG Holdings Limited, or WPG, and Promate Electronic Co. Ltd., or Promate. Sales to WPG and Promate accounted for 51.3% and 22.1% of our revenue, respectively, for the fiscal year ended June 30, 2025, 46.0% and 25.0% of our revenue, respectively, for the fiscal year ended June 30, 2024, and 35.6% and 21.6% of our revenue, respectively, for fiscal year ended June 30, 2023, respectively.

Sales and marketing

Our marketing division is responsible for identifying high growth markets and applications where we believe our technology can be effectively deployed. We believe that the technical background of our marketing team, including application engineers, helps us better define new products and identify potential end customers and geographic and product market opportunities. For example, as part of our market diversification strategy, we have deployed and plan to recruit more, field application engineers, or FAEs, for our new product offerings, providing real-time and local response to our end customers' needs. FAEs work with our end customers to understand their requirements and resolve technical problems. FAEs also strive to anticipate future customer needs and facilitate the design-in of our products into the end products of our customers. We believe this strategy increases our share of revenue opportunities within the applications we currently serve, as well as in new end-market applications.

Our sales team consists of sales personnel, field application engineers, customer service representatives and customer quality engineers who are responsible for key accounts. We strategically position our team near our end customers through our offices in Taipei, Hong Kong, Shenzhen, Shanghai, Qingdao, Suzhou, Tokyo, Seoul, Heilbronn, and Sunnyvale, California, complemented by our applications centers in Sunnyvale and Shanghai. In addition, our distributors and sales representatives assist us in our sales and marketing efforts by identifying potential customers, creating additional demand and promoting our products, in which case we may pay a sales commission.

Our sales cycle varies depending on the types of products and can range from six to eighteen months. In general, our power discrete products and Power IC products in Computing and Consumer segments progress more rapidly through the customer's design and marketing processes, and therefore they generally have a shorter sales cycle. In contrast, our IGBT and Module products, used mostly in the power supply, home appliance and industrial applications, require a more extended design and marketing timeline and thus have a longer sales cycle. Typically, our sales cycle for all products comprises the following steps:

- identification of a customer design opportunity;
- qualification of the design opportunity by our FAEs through comparison of the power requirements against our product portfolio;
- delivery of a product sample to the end customer to be included in the customer's pre-production model with the goal of being included in the final bill of materials; and
- placement by the customer, or through its distributor, of a full production order as the end customer transitions to full volume production.

Competition

The power semiconductor industry is characterized by fragmentation with many competitors. We compete with different power semiconductor suppliers, depending on the type of product lines and geographical area. Our key competitors in power discretes and power ICs are primarily headquartered in the United States, Japan, Europe, China and Taiwan. Our major competitors in power discretes include Infineon Technologies AG, ON Semiconductor Corp., STMicroelectronics N.V., Toshiba Corporation, Diodes Incorporated and Vishay Intertechnology, Inc. Our major competitors for our power ICs include Monolithic Power Systems, Inc., ON Semiconductor Corp., Richtek Technology Corp., Semtech Corporation, Texas Instruments Inc. and Vishay Intertechnology, Inc.

Our ability to compete depends on a number of factors, including:

- success in expanding and diversifying our serviceable markets, and our ability to develop technologies and product solutions for these markets;
- capability to quickly develop and introduce proprietary technology and best-in-class products;
- performance and cost-effectiveness of our products relative to that of our competitors;
- ability and capacity to manufacture, package and deliver products in large volume on a timely basis at a competitive price;
- success in utilizing new and proprietary technologies to offer products and features previously not available in the marketplace;
- ability to recruit and retain analog semiconductor designers and application engineers; and
- ability to protect our intellectual property.

Some of our competitors have longer operating histories, more brand recognition, and significantly greater financial, technical, research and development, sales and marketing, manufacturing and other resources. However, we believe that we can compete effectively through our integrated and innovative technology platform and design capabilities, including our strong and extensive patent portfolio, strategic global business model, expanding suites of new products, diversified and broad customer base, and excellent on-the-ground support and quick time to market for our products.

Seasonality

Our business is subject to seasonal fluctuations, primarily due to our involvement in the power semiconductor market for consumer electronic products. Sales seasonality is influenced by various factors, including global and regional economic conditions, trends within the personal computer (PC) market, revenue contributions from newly introduced products, variations in distributor ordering behavior driven by channel inventory adjustments, and end-customer demand. Additionally, fluctuations in consumer purchasing patterns—particularly leading up to major holiday seasons—also contribute to the seasonal nature of our revenue. Our revenue is subject to some seasonal variation. Historically, our sequential revenue growth rate tends to be weaker in the March and December quarters when compared with other quarters.

Research and development

We view technology as a competitive advantage, and we invest significant time and capital in research and development to address the technology-intensive needs of our end customers. Our research and development expenditures for the fiscal years of 2025, 2024 and 2023 were $94.3 million, $89.9 million and $88.1 million, respectively. We continue to invest in developing new technologies and products utilizing our own fabrication and packaging facilities as it is critical to our long-term success. We also evaluate appropriate investment levels and stay focused on new product introductions to improve our competitiveness. We have research and development teams in Silicon Valley (Sunnyvale, California), Oregon, Texas, Arizona, Korea, Taiwan, and China. We believe that these diverse research and development teams enable us to develop leading edge technology platforms and new products. Our areas of research and development focus include:

Packaging technologies: Consumer demand for smaller and more compact electronic devices with higher power density is driving the need for advanced packaging technology. Our group of dedicated packaging engineers focuses on smaller form factors, and higher power output with efficient heat dissipation and cost-effectiveness. We have invested resources in developing and enhancing our proprietary packaging technologies, including the establishment of our in-house packaging and testing facilities. Our efforts to develop innovative packaging technologies continues to provide new and cost-effective solutions with higher power density to our customers. During the fiscal year ended June 30, 2025, we continued our diversification strategies by developing new silicon and packaging platforms to expand our SAM and offer higher performance products.

Process technology and device physics: We focus on specialized process technology in the manufacturing of our products, including vertical DMOS, Shielded Gate Trench, Trench field stop IGBTs, charge-balance high voltage MOSFETs, Schottky Diode and BCDMOS processes. Our process engineers work closely with our design team to deploy and implement our proprietary manufacturing processes at our Oregon Fab, the Chongqing Fab as well as the third-party foundries that fabricate our wafers. To improve our process technology, we continue to develop and enhance our expertise in device physics in order to better understand the physical characteristics of materials and the interactions among these materials during the manufacturing process.

New products and new technology platforms: We invest significantly in the development of new technology platforms and introduction of new products. Because power management affects all electronic systems, we believe that developing a wide portfolio of products enables us to target new applications in addition to expanding our share of power management needs within existing applications.

As a technology company, we will continue our significant investment in research and development in our low voltage, medium voltage, and high voltage power discretes, IGBT and power modules and power ICs by developing new technology platforms and new products that allow for improved product performance, higher efficiency packages and higher levels of integration.

Operations

The manufacture of our products is divided into two major steps: wafer fabrication and packaging and testing.

Wafer fabrication

Our Oregon Fab allows us to accelerate the development of our technology and products, as well as to provide better service to our customers. We allocate our wafer production between our in-house facility and third-party foundries. Currently wafers from our third-party accounts for around 30% of AOS's total wafer supply.

Packaging and testing

Completed wafers from the foundries are sent to our in-house packaging and testing facilities or to our subcontractors, where the wafers are cut into individual die, soldered to lead frames, wired to terminals and then encapsulated in protective packaging. After packaging, all devices are tested in accordance with our specifications and substandard or defective devices are rejected. We have established quality assurance procedures that are intended to control quality throughout the manufacturing process, including qualifying new parts for production at each packaging facility, conducting root cause analysis, testing for lots with process defects and implementing containment and preventive actions. The final tested products are then shipped to our distributors or customers.

Our in-house and wholly-owned packaging and testing facilities are located in Shanghai, China which handle most of our packaging and testing requirements for our products. In addition, the JV Company handles a portion of our packaging and testing requirement. We continuously increase the outsourcing portion of our packaging and testing requirements to other

contract manufacturers to improve our ability to respond to changes in market demand. Our facilities have the combined capacity to package and test over 600 million parts per month and have available floor space for new package introductions. We believe our ability to package and test our products internally represents a strategic advantage as it protects our proprietary packaging technology, increases the rate of new package introductions, reduces operating expenses and ultimately improves our profit margins.

Quality assurance

Our quality assurance practices aim to consistently provide our end customers with products that are reliable, durable and free of defects. We strive to do so through design for manufacturing, and continuous improvement in our product design and manufacturing and close collaboration with our manufacturing partners. Our manufacturing operations in China and our manufacturing facility in Oregon are certified to the ISO9001 and IATF16949:2016. These Quality Management System certifications represent a recognition of our high quality assurance standards. Both ISO9001 and IATF16949:2016 are sets of criteria and procedures established by the International Organization of Standardization for developing a fundamental quality management system and focusing on continuous improvement, defect prevention and the reduction of variation and waste. Our products are also in compliance with Restrictions on the use of Hazardous Substances, or RoHS 3.0.

We maintain a supplier management and process engineering team in Shanghai that works with our third-party foundries and packaging and testing subcontractors to monitor the quality of our products, which is designed to ensure that manufacturing of our products is in strict compliance with our process controls, monitoring procedures and product requirements. We also conduct periodic reviews and annual audits to ensure supplier performance. For example, we examine the results of statistical process control systems, implement preventive maintenance, verify the status of quality improvement projects and review delivery time metrics. In addition, we rate and rank each of our suppliers every quarter based on factors such as their quality and performance. Our facility in Oregon integrates manufacturing process controls through our manufacturing execution system, coupled with wafer process controls that include monitoring procedures, preventative maintenance, statistical process control, and testing to ensure that finished wafers delivered will meet and exceed quality and reliability requirements. All materials used to manufacture wafers are controlled through a strict qualification process.

Our manufacturing processes use many raw materials, including silicon wafers, gold, copper, molding compound, petroleum and plastic materials and various chemicals and gases. We obtain our raw materials and supplies from a large number of sources. Although supplies for raw materials used by us are currently adequate, shortages could occur in various essential materials due to interruption of supply or increased demand in the industry.

Intellectual property rights

Intellectual property is a critical component of our business strategy, and we intend to continue to invest in the growth, maintenance and protection of our intellectual property portfolio. We own significant intellectual property in many aspects of power semiconductor technology, including device physics and structure, wafer processes, circuit designs, packaging, modules and subassemblies. We have also entered into intellectual property licensing agreements with other companies to use selected third-party technology for the development of our products, although we do not believe our business is dependent to any significant degree on any individual third-party license agreement. In February 2023, the Company entered into a license agreement with a customer, pursuant to which the Company agreed to license its proprietary Silicon Carbide (SiC) technology to the customer and engineering and development services for 24 months for a total fee of $45.0 million, consisting of an upfront fee and various milestone payments over the 24 months. As of June 30, 2025, all revenue has been recognized and all consideration has been received associated with the license agreement and we have no further obligations under this agreement.

While we focus our patent efforts in the United States, we file corresponding foreign patent applications in other jurisdictions, such as China and Taiwan, when filing is justified by cost and strategic importance. The patents are increasingly important to remain competitive in our industry, and a strong patent portfolio will facilitate the entry of our products into new markets. As of June 30, 2025, we had 949 patents issued in the United States, which were based on our research and development efforts, of the 949 issued patents, 855 are active and these patents are set to expire between 2025 and 2043. We also had a total of 961 foreign patents, including 392 Chinese patents, 520 Taiwanese patents, 29 Korean patents, 5 Philippine patents, 8 Japanese patents, 3 Europe patents and 4 India patents as of June 30, 2025. Substantially all of our foreign patents were based on our research and development efforts. These foreign patents will expire in the years between 2025 and 2043. In addition, as of June 30, 2025, we had a total of 165 patent applications, of which 64 patents were pending in the United States, 68 patents were pending in China, 31 patents were pending in Taiwan and 2 patents were pending in India.

As our technologies are deployed in new applications and as we diversify our product portfolio based on new technology platforms, we may be subject to potential infringement claims. Patent litigation, if and when instituted against us, could result in substantial costs and a diversion of our management's attention and resources. However, we are committed to vigorously

defending and protecting our investment in our intellectual property. Therefore, the strength of our intellectual property program, including the breadth and depth of our portfolio, will be critical to our success in the new markets we intend to pursue.

In addition to patent protection, we also rely on a combination of trademark, copyright (including mask work protection), trade secret laws, contractual provisions and similar laws in other jurisdictions. We also enter into confidentiality and invention assignment agreements with our employees, consultants, suppliers, distributors and customers and seek to control access to, and distribution of, our proprietary information.

Human Capital Resources

As of June 30, 2025, we had 2,428 employees, of whom 770 were located in the United States, 1,475 were located in China, and 183 were located in other parts of the world. None of our employees is represented by a collective bargaining agreement. Notwithstanding our global footprint and various geographical locations, we have created an integrated workforce where employees worldwide work and collaborate as a team to advance our common business objectives, while retaining local and regional practices and cultures.

We are committed to providing a work environment in which our employees can realize fully their talents and develop successful careers. As our strength is in our people, we invest significantly in our employees by providing a wide range of training and development opportunities, including mentoring, coaching, tuition reimbursement, attendance at external seminars and professional conferences, and regular in-house training sessions on specific topics. We train our managers to become good stewards for our employees, balancing the need for quality of life with performance results. We believe that these efforts contribute to the growth, well-being and loyalty of our employees, as more than 50% of our managerial positions are filled through promotions of existing employees.

We also keep our employees engaged and informed by providing periodic all-staff communications, and semi-annual performance reviews to ensure that efforts and results are aligned with our business and strategic corporate objectives. We value feedback from our employees and promote an open-door policy which encourages employees to have regular conversations with their managers to share feedback and express concerns. We also solicit employee feedback informally through regular employee interactions such as one on one or functional team staff meetings. In addition, we conduct employee satisfaction surveys at certain locations to help management identify areas that may require improvement. As part of the AOS tradition, we organize regular and seasonal social events, such as team building activities, annual appreciation picnics, and holiday parties, inviting both employees and their families to join. We believe these efforts enable us to build a strong and solid group of dedicated and happy employees who form the core of our human capital resource.

We are committed to providing an environment where employees from all walks of life are treated with respect, care and dignity. We adhere strictly to the Company’s Code of Business Conduct and Ethics and other policies, and ensure that our employment practices respect human rights and comply with national, state and local regulatory requirements at all locations where we conduct business. To recruit new talent, we reach out to a broad range of sources, including employee referrals, on-line advertising, recruitment agencies, and other social media platforms to seek out the best qualified candidates regardless of their backgrounds. We are also focused on ensuring a diverse workforce, including our management team. Our Nominating and Corporate Governance Committee leads the effort in recruiting qualified directors to serve on our Board. Our employees appreciate and value the strength of our people-oriented culture and the benefits our workplace diversity brings.

We commit to a fair and living wage for all employees. We offer competitive compensation and benefits packages for our employees that include a combination of base salary, annual bonus, discretionary bonus for outstanding achievements, an employee stock purchase plan, time-based and performance-based long-term equity compensation. Our equity related compensation programs are designed to motivate and incentivize our employees and align their rewards to financial and other business performance goals, while increasing our shareholder value. We have an established Employee Recognition Award program which is regularly utilized to recognize the outstanding achievements of employees and teams that go above and beyond to achieve AOS business goals. In addition, we have engaged nationally-recognized outside independent compensation consulting firms to independently evaluate the appropriateness and effectiveness of compensation for our executives and other officers and to provide benchmarks for executive compensation as compared to peer companies.

Environmental matters

The semiconductor production process, including the semiconductor wafer manufacturing and packaging process, generates air emissions, liquid wastes, waste water and other industrial wastes. We have installed various types of pollution control equipment for the treatment of air emissions and liquid waste and equipment for recycling and treatment of water in our packaging and testing facilities in China and wafer manufacturing facility in Oregon, USA. Waste generated at our manufacturing facilities, including but not limited to acid waste, alkaline waste, flammable waste, toxic waste, oxide waste and self-igniting waste, is collected and sorted for proper disposal. Our operations in China are subject to regulation and periodic monitoring by China’s State Environmental Protection Bureau, as well as local environmental protection authorities, including those under the Shanghai Municipal Government, which may in some cases establish stricter standards than those imposed by the State Environmental Protection Bureau. Our operation in Oregon is subject to Oregon Department of Environmental

Regulations, Federal Environmental Protection Agency laws and regulations, and local jurisdictional regulations. We believe that we have been in material compliance with applicable environmental regulations and standards and have not had a material or adverse effect on our results of operations from complying with these regulations.

We have implemented an ISO 14001 environmental management system in our manufacturing facilities in China and Oregon. We also require our subcontractors, including foundries and assembly houses, to meet ISO 14001 standards. We believe that we have adopted pollution control measures for the effective maintenance of environmental protection standards consistent with the requirements applicable to the semiconductor industry in China and the U.S.

Our products sold in worldwide are subject to RoHS in Electrical and Electronic Equipment, which requires that the products do not contain more than agreed levels of lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl and polybrominated diphenyl ether flame retardants. Our manufacturing facilities in China also obtained QC080000 certification, which is an IECQ Certificate of Conformity Hazardous Substance Process Management for European Directive 2002/95/EC requirements and a Certificate of Green Partner for Sony Green Partner Program. We avoid using these restricted materials to the extent possible when we design our products.

We are also subject to SEC rules that require diligence, disclosure and reporting on whether certain minerals and metals, known as conflict minerals, used in our products originate from the Democratic Republic of Congo and adjoining countries. As of June 30, 2025, 2024 and 2023, we were in compliance with the related conflict minerals rule.

Export Control

We are subject to export and import control laws, trade regulations and other trade requirements that limit which products we sell and where and to whom we sell our products. Because we are committed to complying with all applicable export control laws, regulations, and requirements, we have reviewed and revised our processes and procedures to ensure that our shipments to our customers remain compliant with applicable export laws. As part of the enhanced process, we have also conducted extensive risk assessment on export control compliance and implemented training programs for our employees.

Executive Officers

The following table lists the names, ages and positions of our executive officers as of August 15, 2025. There are no family relationships between any executive officers, except that Mr. Stephen C. Chang is a son of Dr. Mike F. Chang.

Name	Age	Position
Stephen C. Chang	48	Chief Executive Officer and Director
Mike F. Chang, Ph.D.	80	Chairman of the Board and Executive Vice President of Strategic Initiatives
Yifan Liang	61	Chief Financial Officer and Corporate Secretary
Wenjun Li, Ph.D.	56	Chief Operating Officer
Bing Xue, Ph.D.	61	Executive Vice President of Worldwide Sales and Business Development

Stephen C. Chang has served as our Chief Executive Officer since March 2023 and as a director since November 2022. Mr. Chang previously served as the Company's President from January 2021 to February 2023. Prior to that, Mr. Chang served in various management positions, including Executive Vice President of Product Line Management, Senior VP of Marketing, VP of the MOSFET Product Line, and Senior Director of Product Marketing. Mr. Chang has over 20 years of industry experience and leads the Company's business strategies, product and technology development, sales and marketing functions, manufacturing operation and supply chain management, and other managerial responsibilities. Mr. Chang received his B.A. in Electrical Engineering from University of California, Berkeley, and M.B.A. from Santa Clara University.

Mike F. Chang, Ph.D., is the founder of our company and serves as our Chairman of the Board and Executive Vice President of Strategic Initiatives. Dr. Chang previously served as Executive Chairman from March 2023 to March 2025. He served as Chief Executive Officer since the founding of our company until March 2023. Prior to establishing our company, Dr. Chang served as the Executive Vice President at Siliconix Incorporated, a subsidiary of Vishay Intertechnology Inc., a global manufacturer and supplier of discrete and other power semiconductors, or Siliconix, from 1998 to 2000. Dr. Chang also held various management positions at Siliconix from 1987 to 1998. Earlier in his career, Dr. Chang focused on product research and development in various management positions at General Electric Company from 1974 to 1987. Dr. Chang received his B.S. in electrical engineering from National Cheng Kung University, Taiwan, and M.S. and Ph.D. in electrical engineering from the University of Missouri.

Yifan Liang has been serving as our Chief Financial Officer since August 2014 and Corporate Secretary since November 2013. Mr. Liang served as our Interim Chief Financial Officer from November 2013 to August 2014, our Chief Accounting Officer from October 2006 to November 2013, and our Assistant Corporate Secretary from November 2009 to November 2013. Mr. Liang became our company's corporate controller in August 2004. Prior to joining us, Mr. Liang held various positions at PricewaterhouseCoopers LLP, or PwC, from 1995 to 2004, including Audit Manager in PwC's San Jose office. Mr. Liang received his B.S. in management information system from the People's University of China and M.A. in finance and accounting from the University of Alabama.

Wenjun. Li, Ph.D., has been serving as our Chief Operating Officer since August 2021. Prior to that, Dr. Li served in various management positions in our Company since 2012, including Executive Vice President of World-Wide Manufacturing, Senior Vice President of World-Wide Manufacturing, Vice President of Front-End Operation, the director of Process Integration and Senior Manager of Process Integration. Dr. Li holds a B.S. in Chemistry and a M.S. in Chemical Engineering from Taiyuan University of Technology, and a Ph.D. in Microelectronics & Solid-State Electronics from the Research Institute of Micro-Nanometer Technology at Shanghai Jiao Tong University.

Bing Xue, Ph.D., has been serving as our Executive Vice President of Worldwide Sales and Business Development since January 2021. Prior to that, Dr. Xue held various managerial positions in our company since 2003, including Senior Vice President of Global Sales, Vice President of Global Sales, Vice President of Worldwide Manufacturing, and General Manager of China Operation. Prior to joining us, Dr. Xue served as the Director of Engineering in Dowslake Microsystem from 2001 to 2003. Dr. Xue received his B.S. in Physics from Xiamen University, and Ph.D. in Physical Chemistry from University of Pennsylvania.

Corporate Information

We were incorporated in Bermuda on September 27, 2000 as an exempted limited liability company. The address of our registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of our U.S. office is Alpha and Omega Semiconductor Incorporated, 475 Oakmead Parkway, Sunnyvale, CA 94085. The telephone number of our U.S. office is (408) 830-9742. We have incorporated various wholly-owned subsidiaries in different jurisdictions. Please refer to Exhibit 21.1 to this Form 10-K for a complete list of our subsidiaries.

Available Information

Our filing documents and information with the Securities and Exchange Commission (the "SEC") are available free of charge electronically through our Internet website, *www.aosmd.com.* as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. In addition, the SEC maintains a website (www.sec.gov) that contains reports, proxy statements, and other information that we file electronically.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock.

Risk Factor Summary

Risks Related to Our Business

- Our operating results and financial conditions are affected by downturns in the semiconductor industry, changes in end-market demand and other macro-economic trends.
- The decline of personal computing ("PC") markets may have a material adverse effect on our results of operations.
- Our strategy of diversification into different market segments may not succeed according to our expectations and may expose us to new risks and place significant strains on our management, operational, financial and other resources.
- Our operating results may fluctuate from period to period due to many factors, which may make it difficult to predict our future performance.
- Geopolitical and economic conflicts between United States and China may adversely affect our business.
- Our revenue may fluctuate significantly from period to period due to ordering patterns from our distributors and seasonality.
- We may not be able to introduce or develop new and enhanced products that meet or are compatible with our customer's product requirements in a timely manner.
- We may not win sufficient designs, or our design wins may not generate sufficient revenue for us to maintain or expand our business.
- Our success depends upon the ability of our OEM end customers to successfully sell products incorporating our products.
- The operation of our Oregon Fab subjects us to additional risks and the need for additional capital expenditures which may negatively impact our results of operations.
- Defects and poor performance in our products could result in loss of customers, decreased revenue, unexpected expenses and loss of market share, and we may face warranty and product liability claims arising from defective products.
- The average selling prices of products in our markets have historically decreased rapidly and will likely do so in the future, which could harm our revenue and gross margins.
- If we do not forecast demand for our products accurately, we may experience product shortages, delays in product shipment, excess product inventory, or difficulties in planning expenses, which will adversely affect our business and financial condition.
- We face intense competition and may not be able to compete effectively which could reduce our revenue and market share.
- Our reliance on third-party semiconductor foundries to manufacture our products subjects us to risks.
- Our lack of control over the JV Company may adversely affect our operations.
- Our recent sale of equity interest in the JV Company is subject to certain closing conditions, and if the conditions are not met, we may not receive a portion or any of the cash proceeds from the sale.
- Our reliance on distributors to sell a substantial portion of our products subjects us to a number of risks.
- We have made and may continue to make strategic acquisitions of other companies, assets or businesses and these acquisitions introduce significant risks and uncertainties.
- If we are unable to obtain raw materials in a timely manner or if the price of raw materials increases significantly, production time and product costs could increase, which may adversely affect our business.
- We may not be able to accurately estimate provisions at fiscal period end for price adjustment and stock rotation rights under our agreements with distributors, and our failure to do so may impact our operating results.
- Our operation of two wholly-owned packaging and testing facilities are subject to risks that could adversely affect our business and financial results.
- We may be adversely affected by any disruption in our information technology systems.
- We depend on the continuing services of our senior management team and other key personnel.
- Failure to protect our patents and our other proprietary information could harm our business and competitive position.
- Intellectual property disputes could result in lengthy and costly arbitration, litigation or licensing expenses or prevent us from selling our products.
- Evolving export control regulations may adversely affect our financial performance and business operations.
- Global or regional economic, political and social conditions could adversely affect our business and operating results.
- Our business operations could be significantly harmed by natural disasters or global epidemics.
- Our insurance may not cover all losses, including losses resulting from business disruption or product liability claims.
- Our international operations subject our company to risks not faced by companies without international operations.
- If we fail to maintain an effective internal control environment as well as adequate control procedures over our financial reporting, investor confidence may be adversely affected thereby affecting the value of our stock price.

- We are subject to the risk of increased income taxes and changes in existing tax rules.
- Our debt agreements include financial covenants that may limit our ability to pursue business and financial opportunities and subject us to risk of default.
- The imposition of U.S. corporate income tax on our Bermuda parent and non-U.S. subsidiaries could adversely affect our results of operations.
- We may be classified as a passive foreign investment company (“PFIC”), which could result in adverse U.S. federal income tax consequences for U.S. holders.
- Changes in our United States federal income tax classification, or that of our subsidiaries, could result in adverse tax consequences to our 10% or greater U.S. shareholders.
- Changes in tariffs and international trade policies affecting imports and exports may have a material adverse effect on our business operations and financial performance.

Risks Related to Doing Business in China

- China’s economic, political and social conditions, as well as government policies, could affect our business and growth.
- Changes in China’s laws, legal protections or government policies on foreign investment in China may harm our business.
- The continuing trade tensions between the U.S. and China may result in increased tariffs on imported goods from China could adversely affect our business operations.
- Our China subsidiaries’ current corporate structure and business operations may be affected by the Foreign Investment Law of the PRC.
- Limitations on our ability to transfer funds to our China subsidiaries could adversely affect our ability to expand our operations, make investments that could benefit our businesses and otherwise fund and conduct our business.
- China's currency exchange control and government restrictions on investment repatriation may impact our ability to transfer funds outside of China.
- The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.
- Our results of operations may be negatively impacted by fluctuations in foreign currency exchange rates between U.S. dollar and Chinese Yuan ("RMB").
- PRC labor laws may adversely affect our results of operations.
- Relations between Taiwan and China could negatively affect our business, financial condition and operating results and, therefore, the market value of our common shares.

Risks Related to Our Corporate Structure and Our Common Shares

- Our share price may be volatile and you may be unable to sell your shares at or above the purchase price, if at all.
- If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our common shares or if our operating results do not meet their expectations, the trading price of our common shares could decline.
- Anti-takeover provisions in our bye-laws could make an acquisition of us more difficult and may prevent attempts by our shareholders to replace or remove our current management.
- We are a Bermuda company and the rights of shareholders under Bermuda law may be different from U.S. laws.

Risks Related to Our Business

Our operating results and financial conditions are affected by downturns in the semiconductor industry, changes in end-market demand and other macro-economic trends.

The semiconductor industry periodically experiences significant economic downturns characterized by diminished product and end-market demand, production overcapacity, excess inventory, which can result in rapid significant decline in shipment and sales, which may harm our operating results and financial condition. The semiconductor market is also highly cyclical and is characterized by constant and rapid technological change such as product obsolescence and price erosion, evolving standards, uncertain product life cycles and wide fluctuations in product supply and demand. More recently, we have observed the impact of certain government regulations, such as tariffs or other related trade regulation, that can negatively affect the global semiconductor markets and cause a decline for the demand of our products. In addition, the broader semiconductor industry experienced a decline in calendar year 2023 with some recovery in 2024, but there is no guarantee that further recovery will occur and a prolonged and extended downturn in the semiconductor industry will have a substantial impact on our operating results and financial conditions.

The decline of personal computing (“PC”) markets may have a material adverse effect on our results of operations.

A significant amount of our revenue is derived from sales of products in the PC markets such as notebooks, motherboards and notebook battery packs. Our revenue from the PC markets accounted for approximately 46.6%, 43.0% and 35.2% of our total revenue for the years ended June 30, 2025, 2024 and 2023, respectively. The increasing popularity of smaller, mobile computing devices such as tablets and smart phones with touch interfaces is rapidly changing the PC markets both in the United States and abroad. In the past we experienced a significant reduction in the demand for our products due to the declining PC markets, which negatively impacted our revenue, profitability and gross margin. While we experienced a surge of demand in the PC market as a result of the COVID-19 pandemic and related events, such demand has returned to normal level and declined due to an industry-wide inventory correction and the ensuing downturn in the semiconductor industry from late 2022 to the end of 2023 and early 2024. While we believe the negative impact of inventory correction has gradually subsided since mid-2024 and early 2025, we cannot predict how and when the market will be fully recovered. We have implemented measures and strategies to mitigate the effect of such a downturn. These measures and strategies may not be sufficient or successful, in which case our operating results may be adversely affected.

Our strategy of diversification into different market segments may not succeed according to our expectations and may expose us to new risks and place significant strains on our management, operational, financial and other resources.

As part of the growth strategy to diversify our product portfolio and in response to the decline of the PC markets, we have been developing new technologies and products designed to penetrate into other markets and applications, including merchant power supplies, power supplies, flat panel TVs, smart phones, tablets, gaming consoles, lighting, datacom, telecommunications, home appliances and industrial motor controls. However, there is no guarantee that these diversification efforts will be successful. As a new entrant to some of these markets, we may face intense competition from existing and more established providers and encounter other unexpected difficulties, any of which may hinder or delay our efforts to achieve success. In addition, our new products may have long design and sales cycles. Therefore, if our diversification efforts fail to keep pace with the declining PC markets, we may not be able to alleviate its negative impact on our results of operations.

Our diversification into different market segments may place a significant strain on our management, operational, financial and other resources. To manage this diversification effectively, we will need to take various actions, including:

- enhancing management information systems, including forecasting procedures;
- further developing our operating, administrative, financial and accounting systems and controls;
- managing our working capital and sources of financing;
- maintaining close coordination among our engineering, accounting, finance, marketing, sales and operations organizations;
- retaining, training and managing our employee base;
- enhancing human resource operations and improving employee hiring and training programs;
- realigning our business structure to more effectively allocate and utilize our internal resources;
- improving and sustaining our supply chain capability; and
- managing both our direct and distribution sales channels in a cost-efficient and competitive manner.

Our failure to execute any of the above actions successfully or timely may have an adverse effect on our business and financial results.

Our operating results may fluctuate from period to period due to many factors, which may make it difficult to predict our future performance.

Our periodic operating results may fluctuate as a result of a number of factors, many of which are beyond our control. These factors include, among others:

- a deterioration in general demand for electronic products, particularly the PC market, as a result of global or regional financial crises and associated macro-economic slowdowns, and/or the cyclicality of the semiconductor industry;
- a deterioration in business conditions at our distributors and /or end customers;
- adverse general economic conditions in the countries where our products are sold or used;
- the emergence and growth of markets for products we are currently developing;

- our ability to successfully develop, introduce and sell new or enhanced products in a timely manner and the rate at which our new products replace declining orders for our older products;
- the anticipation, announcement or introduction of new or enhanced products by us or our competitors;
- changes in the selling prices of our products and in the relative mix in the unit shipments of our products, which have different average selling prices and profit margins;
- the amount and timing of operating costs and capital expenditures, including expenses related to the maintenance and expansion of our business operations and infrastructure;
- the announcement of significant acquisitions, disposition or partnership arrangements;
- changes in the utilization of our in-house manufacturing capacity and the availability of manufacturing capacity at third-party foundries and the JV Company;
- supply and demand dynamics and the resulting price pressure on the products we sell;
- the unpredictable volume and timing of orders, deferrals, cancellations and reductions for our products, which may depend on factors such as our end customers' sales outlook, purchasing patterns and inventory adjustments based on general economic conditions or other factors;
- changes in laws and regulations affecting our business operations, including trade regulations and tariffs;
- changes in costs associated with manufacturing of our products, including pricing of wafer, raw materials and assembly services;
- announcement of significant share repurchase programs;
- our concentration of sales in consumer applications and changes in consumer purchasing patterns and confidence; and
- the adoption of new industry standards or changes in our regulatory environment.

Any one or a combination of the above factors and other risk factors described in this section may cause our operating results to fluctuate from period to period, making it difficult to predict our future performance. Therefore, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance.

Geopolitical and economic conflicts between United States and China may adversely affect our business.

Geopolitical conflicts and tensions between the United States and China have threatened trading relationships and economic activities between the two countries. Because we have significant operations in both countries, such conflicts and tensions may negatively impact our business. At various times during recent years, the United States and China have had disagreements over political and economic issues, including, but not limited to, the recent imposition of tariffs by the U.S. on goods imported from China or sourced from China and imposition of retaliatory tariffs and other countermeasures (like government investigations, sanctions, etc.) by China, as well as the U.S. government's efforts to restrict transfer and sharing of technologies, including semiconductor technologies, between the two countries. In addition, the U.S. government may enact new and more restrictive export control regulations that may reduce our ability to ship and sell products to certain customers in China and Asia and increase our cost to implement additional measures to comply with such new regulations. In addition, disagreements between the United States and China with respect to their political, military or economic policies toward Taiwan may contribute to further controversies. These controversies and trade frictions could have a material adverse effect on our business by, among other things, making it more difficult for us to coordinate our operations between the United States and China, causing a reduction in the demand for our products by customers in the United States or China, and reducing our profitability due to increasing cost of compliance.

Our revenue may fluctuate significantly from period to period due to ordering patterns from our distributors and seasonality.

Demand for our products from our end customers fluctuates depending on their sales outlooks and market and economic conditions. Accordingly, our distributors place purchase orders with us based on their forecasts of end customer demand. Because these forecasts may not be accurate, channel inventory held at our distributors may fluctuate significantly due to the difference between the forecasts and actual demand. As a result, distributors adjust their purchase orders placed with us in response to changing channel inventory levels, as well as their assessment of the latest market demand trends. A significant decrease in our distributors' channel inventory in one period may lead to a significant rebuilding of channel inventory in subsequent periods, or vice versa, which may cause our quarterly revenue and operating results to fluctuate significantly.

In addition, because our power semiconductors are used in consumer electronics products, our revenue is subject to seasonality. Our sales seasonality is affected by a number of factors, including global and regional economic conditions as well as the PC market conditions, revenue generated from new products, changes in distributor ordering patterns in response to channel inventory adjustments and end customer demand for our products and fluctuations in consumer purchase patterns prior to major holiday seasons. In recent year, broad fluctuations in the semiconductor markets and the global economic conditions, in particular the decline of the PC market conditions, have had a more significant impact on our results of operations, than seasonality, and have made it difficult to assess the impact of seasonal factors on our business.

If we are unable to introduce or develop new and enhanced products that meet or are compatible with our customer's product requirements in a timely manner, it may harm our business, financial position and operating results.

Our success depends upon our ability to develop and introduce new and enhanced products that meet or are compatible with our customer's specifications, performance standards and other product requirements in a timely manner. The development of new and enhanced products involves highly complex processes, and at times we have experienced delays in the introduction of new products. Successful product development and introduction of new products depends on a number of factors, including the accurate product specification; timely completion of design; achievement of manufacturing yields; timely response to changes in customer's product requirements; quality and cost-effective production; and effective marketing. Since many of our products are designed for specific applications, we must frequently develop new and enhanced products jointly with our customers. In the past, we have encountered product compatibility issues with a major OEM that have negatively impacted our financial results, and although we have resolved fully such issues with the OEM, there is no guarantee that the same compatibility issues will not occur in the future with other OEMs. In addition, our Tier 1 customers often have stringent standards and strict requirements that must be met before our products can be sold, which may create challenges and difficulties in our product development efforts. If we are unable to develop or acquire new products that meet or are compatible with our customer's specification and other product requirements in a timely manner, we may lose revenue or market share with our customers, which could have a material adverse effect on our business, financial position and operating results.

We may not win sufficient designs, or our design wins may not generate sufficient revenue for us to maintain or expand our business.

We invest significant capital and resources to compete with other power semiconductor companies to win competitive bids for our products in selection processes, known as "design wins." Our effort to obtain design wins may detract from or delay the completion of other important development projects, impair our relationships with existing end customers and negatively impact sales of products under development. In addition, we cannot be assured that these efforts would result in a design win, that our product would be incorporated into an end customer's initial product design, or that any such design win would lead to production orders and generate sufficient revenue. Furthermore, even after we have qualified our products with a customer and made sales, subsequent changes to our products, manufacturing processes or suppliers may require a new qualification process, which may result in delay and excess inventory. If we cannot achieve sufficient design wins in the future, or if we fail to generate production orders following design wins, our ability to grow our business and improve our financial results will be harmed.

Our success depends upon the ability of our OEM end customers to successfully sell products incorporating our products.

The consumer end markets, in particular the PC market, in which our products are used are highly competitive. Our OEM end customers may not successfully sell their products for a variety of reasons, including:

- general global and regional economic conditions;
- late introduction or lack of market acceptance of their products;
- lack of competitive pricing;
- shortage of component supplies;
- excess inventory in the sales channels into which our end customers sell their products;
- changes in the supply chain; and
- changes as a result of regulatory restrictions applicable to China-exported products.

Our success depends on the ability of our OEM end customers to sell their products incorporating our products. In addition, we have expanded our business model to include more OEMs in our direct customer base. The failure of our OEM end customers to achieve or maintain commercial success for any reason could harm our business, results of operations, and financial condition and prospects.

The operation of our Oregon Fab subjects us to additional risks and the need for additional capital expenditures which may negatively impact our results of operations.

The operation of the Oregon Fab requires significant fixed manufacturing cost. In order to manage the capacity of the wafer fabrication facility efficiently, we must perform a forecast of long-term market demand and general economic conditions for our products. Because market conditions may vary significantly and unexpectedly, our forecast may change significantly at any time, and we may not be able to make timely adjustments to our fabrication capacity in response to these changes. During periods of continued decline in market demand, in particular the decline of the PC market, we may not be able to absorb the excess inventory and additional costs associated with operating the facility at higher capacity, which may adversely affect our operating results. Similarly, during periods of unexpected increase in customer demand, we may not be able to ramp up production quickly to meet these demands, which may lead to the loss of significant revenue opportunities. The manufacturing processes of a fabrication facility are complex and subject to interruptions. We may experience production difficulties, including lower manufacturing yields or products that do not meet our or our customers' specifications, and problems in ramping production and installing new equipment. These difficulties could result in delivery delays, quality problems and lost revenue opportunities. Any significant quality problems could also damage our reputation with our customers and distract us from the development of new and enhanced product which may have a significant negative impact on our financial results.

Defects and poor performance in our products could result in loss of customers, decreased revenue, unexpected expenses and loss of market share, and we may face warranty and product liability claims arising from defective products.

Our products are complex and must meet stringent quality requirements. Products as complex as ours may contain undetected errors or defects, especially when first introduced or when new versions are released. Errors, defects or poor performance can arise due to design flaws, defects in raw materials or components or manufacturing anomalies, which can affect both the quality and the yield of the product. It can also be potentially dangerous as defective power components, or improper use of our products by customers, may lead to power overloads, which could result in explosion or fire. Any actual or perceived errors, defects or poor performance in our products could result in the replacement or recall of our products, shipment delays, rejection of our products, damage to our reputation, lost revenue, diversion of our engineering personnel from our product development efforts in order to address or remedy any defects and increases in customer service and support costs, all of which could have a material adverse effect on our business and operations.

Furthermore, as our products are typically sold at prices much lower than the cost of the equipment or other devices incorporating our products, any defective, inefficient or poorly performing products, or improper use by customers of power components, may give rise to warranty and product liability claims against us that exceed any revenue or profit we receive from the affected products. We could incur significant costs and liabilities if we are sued and if damages are awarded against us. There is no guarantee that our insurance policies will be available or adequate to protect against such claims. Costs or payments we may make in connection with warranty and product liability claims or product recalls may adversely affect our financial condition and results of operations.

The average selling prices of products in our markets have historically decreased rapidly and will likely do so in the future, which could harm our revenue and gross margins.

As is typical in the semiconductor industry, the average selling price of a particular product has historically declined significantly over the life of the product. In the past, we have reduced the average selling prices of our products in anticipation of future competitive pricing pressures, new product introductions by us or our competitors and other factors. We expect that we will have to similarly reduce prices in the future for older generations of products. Reductions in our average selling prices to one customer could also impact our average selling prices to all customers. A decline in average selling prices would harm our gross margins for a particular product. If not offset by sales of other products with higher gross margins, our overall gross margins may be adversely affected. Our business, results of operations, financial condition and prospects will suffer if we are unable to offset any reductions in our average selling prices by increasing our sales volumes, reducing our costs and developing new or enhanced products on a timely basis, with higher selling prices or gross margins.

If we do not forecast demand for our products accurately, we may experience product shortages, delays in product shipment, excess product inventory, or difficulties in planning expenses, which will adversely affect our business and financial condition.

We manufacture our products according to our estimates of customer demand. This process requires us to make numerous forecasts and assumptions relating to the demand of our end customers, channel inventory, and general market

conditions. Because we sell most of our products to distributors, who in turn sell to our end customers, we have limited visibility as to end customer demand. Furthermore, we do not have long-term purchase commitments from our distributors or end customers, and our sales are generally made by purchase orders that may be cancelled, changed or deferred without notice to us or penalty. As a result, it is difficult to forecast future customer demand to plan our operations.

The utilization of our manufacturing facilities and the provisions for inventory write-downs are important factors in our profitability. If we overestimate demand for our products, or if purchase orders are canceled or shipments delayed, we may have excess inventory, which may result in adjustments to our production plans. These adjustments to our productions may affect the utilization of our own wafer fabrication and packaging facilities. If we cannot sell certain portions of the excess inventory, it will affect our provisions for inventory write-downs. Our inventory write-down provisions are subject to adjustment based on events that may not be known at the time the provisions are made, and such adjustments could be material and impact our financial results negatively.

If we underestimate demand, we may not have sufficient inventory to meet end-customer demand, and we may lose market share and damage relationships with our distributors and end customers and we may have to forego potential revenue opportunities. Obtaining additional supply in the face of product shortages may be costly or impossible, particularly in the short term, which could prevent us from fulfilling orders in a timely manner or at all.

In addition, we plan our operating expenses, including research and development expenses, hiring needs and inventory investments, based in part on our estimates of customer demand and future revenue. If customer demand or revenue for a particular period is lower than we expect, we may not be able to proportionately reduce our fixed operating expenses for that period, which would harm our operating results.

We face intense competition and may not be able to compete effectively which could reduce our revenue and market share.

The power semiconductor industry is highly competitive and fragmented. If we do not compete successfully against current or potential competitors, our market share and revenue may decline. Our main competitors are primarily headquartered in the United States, Japan, Taiwan and Europe. Our major competitors in power discretes include Infineon Technologies AG, ON Semiconductor Corp., STMicroelectronics N.V., Toshiba Corporation, Diodes Incorporated and Vishay Intertechnology, Inc. Our major competitors for our power ICs include Monolithic Power Systems, Inc., ON Semiconductor Corp., Richtek Technology Corp., Semtech Corporation, Texas Instruments Inc. and Vishay Intertechnology, Inc..

We expect to face competition in the future from our competitors, other manufacturers, designers of semiconductors and start-up semiconductor design companies. Many of our competitors have competitive advantages over us, including:

- significantly greater financial, technical, research and development, sales and marketing and other resources, enabling them to invest substantially more resources than us to respond to the adoption of new or emerging technologies or changes in customer requirements;
- greater brand recognition and longer operating histories;
- larger customer bases and longer, more established relationships with distributors or existing or potential end customers, which may provide them with greater reliability and information regarding future trends and requirements that may not be available to us;
- the ability to provide greater incentives to end customers through rebates, and marketing development funds or similar programs;
- more product lines, enabling them to bundle their products to offer a broader product portfolio or to integrate power management functionality into other products that we do not sell;
- greater ability and more resources to influence and participate in the regulatory and legislative process for more favorable laws and regulations; and
- captive manufacturing facilities, providing them with guaranteed access to manufacturing facilities in times of global semiconductor shortages.

In addition, the semiconductor industry has experienced increased consolidation over the past several years that may adversely affect our competitive position. Consolidation among our competitors could lead to a less favorable competitive landscape, capabilities and market share, which could harm our business and results of operations.

If we are unable to compete effectively for any of the foregoing or other reasons, our business, results of operations, and financial condition and prospects will be harmed.

Our reliance on third-party semiconductor foundries to manufacture our products subject us to risks.

The allocation of our wafer production between in-house facility and third-party foundries may fluctuate from time to time. We expect to continue to rely in part on third party foundries to meet our wafer requirements.

If any third-party foundry does not provide competitive pricing or is not able to meet our required capacity for any reason, we may not be able to obtain the required capacity to manufacture our products timely or efficiently. From time to time, third party suppliers may extend lead-times, limit supplies or increase prices due to capacity constraints or other factors, and we may experience a shortage of capacity on an industry-wide basis that may last for an extended period of time. There are no assurances that we will be able to maintain sufficient capacity to meet the full demand from our customers, and failure to do so will adversely affect our results of operations. If we cannot maintain sufficient capacity or control pricing with our existing third-party foundries, we may need to increase our own manufacturing capacity, and there is no assurance that we can ramp up the production of the Oregon Fab timely to meet the increased demand. If not, we may need to seek alternative foundries, which may not be available on commercially reasonable terms, or at all. In addition, the process for qualifying a new foundry is time consuming, difficult and may not be successful, particularly if we cannot integrate our proprietary process technology with the process used by the new foundry. Using a foundry with which we have no established relationship could expose us to potentially unfavorable pricing, unsatisfactory quality or insufficient capacity allocation.

We also rely on third-party foundries to effectively implement certain of our proprietary technology and processes and also require their cooperation in developing new fabrication processes. Any failure to do so may impair our ability to introduce new products and on-time delivery of wafers for our existing products. In order to maintain our profit margins and to meet our customer demand, we need to achieve acceptable production yields and timely delivery of silicon wafers. As is common in the semiconductor industry, we have experienced, and may experience from time to time, difficulties in achieving acceptable production yields and timely delivery from third-party foundry vendors. Minute impurities in a silicon wafer can cause a substantial number of wafers to be rejected or cause numerous die on a wafer to be defective. Low yields often occur during the production of new products, the migration of processes to smaller geometries or the installation and start-up of new process technologies.

We face a number of other significant risks associated with outsourcing fabrication, including:

- limited control over delivery schedules, quality assurance and control and production costs;
- discretion of foundries to reduce deliveries to us on short notice, allocate capacity to other customers that may be larger or have long-term customer or preferential arrangements with foundries that we use;
- unavailability of, or potential delays in obtaining access to, key process technologies;
- limited warranties on wafers or products supplied to us;
- damage to equipment and facilities, power outages, equipment or materials shortages that could limit manufacturing yields and capacity at the foundries;
- potential unauthorized disclosure or misappropriation of intellectual property, including use of our technology by the foundries to make products for our competitors;
- financial difficulties and insolvency of foundries; and
- acquisition of foundries by third parties.

Any of the foregoing risks could delay shipment of our products, result in higher expenses and reduced revenue, damage our relationships with customers and otherwise adversely affect our business and operating results.

Our lack of control over the JV Company may adversely affect our operations.

We formed the JV Company in 2016 which consists of a power semiconductor packaging, testing and 12-inch wafer fabrication facility in Chongqing. The JV Company is our subcontractor that provides us with foundry capacity to develop and manufacture our products and to enhance our market position in China. While we retained control over the JV Company from inception to 2021, we lost control over the JV Company in December 2021 as our equity interest in the JV Company has been diluted through the issuances of additional equity securities by the JV Company and other transactions. In July 2025, we entered into an equity transfer agreement with a strategic investor to sell approximately 20.3% of outstanding equity interest in the JV Company. As of June 30, 2025, our interest in the JV Company was 39.2%.

Because we no longer have a controlling interest in the JV Company, the JV Company is operating and will continue to operate more independently, and our influence on all aspects of the JV Company’s business operations will be diminished. Accordingly, we might not be able to prevent the JV Company from taking actions adverse to our interests. For example,

while we remain a major customer of the JV Company, the JV Company may decide to enter into business relationships with other customers and allocate foundry capacities to such customers, which may prevent us from securing a desirable or sufficient level of manufacturing capacity for our products. Although the JV Company has agreed to provide us with a specified level of monthly wafer production capacity, there is no guarantee that such capacity will be sufficient, which may adversely affect our results of operations.

Our lack of control over the JV Company may also make it more difficult for us to execute our broader business strategies in China, including our R&D, sales and marketing, product innovation efforts and protection of intellectual property rights, because the JV Company may decide not to cooperate with us in these matters.

In order to fund its capital expenditures and cost of operation, the JV Company has incurred a significant amount of indebtedness from third-party lenders under several loan and lease financing agreements, some of which are secured by substantially all of the assets of the JV Company. If the JV Company is not able to generate sufficient cash flow to make payments under these loans, the JV Company may be in default, which will adversely affect its ability to continue operations and provide foundry services to us. In addition, the JV Company requires additional funding to continue its operations and to refinance its existing indebtedness. There is no guarantee that the JV Company will be able to obtain financing on favorable terms, or at all, and any such failure may negatively impact our ability to access its wafer manufacturing capacity.

Any of the foregoing risks could materially reduce the expected return of our investment in the JV Company and adversely affect our business operations, our financial performance and the trading price of our shares.

Our recent sale of equity interest in the JV Company is subject to certain closing conditions, and if the conditions are not met, we may not receive a portion or any of the cash proceeds under the equity transfer agreement and we may be required to unwind the transaction, which will adversely affect our financial results and reputation.

On July 14, 2025, we entered into an equity transfer agreement with a third-party strategic investor to sell approximately 20.3% of outstanding equity interest in the JV Company for an aggregate cash consideration of $150 million to be paid in four installments, subject to satisfaction of certain conditions. Such conditions include, among other things, shareholder approval by the JV Company and certain registrations, approvals by government authorities and closing of additional investment by the strategic investor in the JV Company's equity, which are outside of our control. For a more detailed description of the installment payments and related conditions, please see *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview*. We cannot be certain that these conditions will be satisfied on a timely basis, including those conditions that are outside of our control. If these conditions are not met by the deadlines as set forth in the equity transfer agreement, we may be exposed to significant risks, including failure to receive a portion or any of the cash proceeds from the sale, which may adversely affect our ability to continue investment in technology, R&D projects and acquisition of assets complimentary to our business operations. Furthermore, failure to meet these conditions may require the parties to terminate and unwind the transaction, which will adversely affect our reputation, business operations and stock price.

Our reliance on distributors to sell a substantial portion of our products subjects us to a number of risks.

We sell a substantial portion of our products to distributors, who in turn sell to our end customers. Our distributors typically offer power semiconductor products from several different companies, including our direct competitors. The distributors assume collection risk and provide logistical services to end customers, including stocking our products. Two distributors, WPG and Promate, collectively accounted for 73.4%, 71.0% and 57.2% of our revenue for the fiscal years ended June 30, 2025, 2024 and 2023, respectively. We currently have effective agreements with Promate and WPG to serve as our distributors, and such agreement is renewed automatically for one-year period continuously unless terminated earlier pursuant to the terms of such agreements. We believe that our success will continue to depend upon these distributors. Our reliance on distributors subjects us to a number of risks, including:

- write-downs in inventories associated with stock rotation rights and increases in provisions for price adjustments granted to certain distributors;
- potential reduction or discontinuation of sales of our products by distributors;
- failure to devote resources necessary to sell our products at the prices, in the volumes and within the time frames that we expect;
- focusing their sales efforts on products of our competitors;
- dependence upon the continued viability and financial resources of these distributors, some of which are small organizations with limited working capital and all of which depend on general economic conditions and conditions within the semiconductor industry;

- dependence on the timeliness and accuracy of shipment forecasts and resale reports from our distributors;
- management of relationships with distributors, which can deteriorate as a result of conflicts with efforts to sell directly to our end customers; and
- our agreements with distributors which are generally terminable by either party on short notice.

If any significant distributor becomes unable or unwilling to promote and sell our products, or if we are not able to renew our contracts with the distributors on acceptable terms, we may not be able to find a replacement distributor on reasonable terms or at all and our business could be harmed.

We have made and may continue to make strategic acquisitions of other companies, assets or businesses or form joint ventures with partners to advance our business objectives. These acquisitions and joint ventures involve significant risks and uncertainties.

In order to position ourselves to take advantage of growth opportunities, we have made, and may continue to make, strategic acquisitions, mergers, partnership, joint ventures and alliances that involve significant risks and uncertainties. Successful acquisitions and alliances in the semiconductor industry are difficult to accomplish because they require, among other factors, efficient integration and aligning of product offerings and manufacturing operations and coordination of sales, marketing and research and development efforts. We may also seek to establish partnerships, joint ventures and acquisition of assets in various foreign jurisdictions where we may not have significant operating experience. In addition, we may encounter unanticipated challenges and difficulties, including regulatory and compliance issues, lack of local support and geopolitical tensions. The difficulties of integration and alignment may be increased by the necessity of coordinating geographically separated organizations, the complexity of the technologies being integrated and aligned and the necessity of integrating personnel with dissimilar business backgrounds. Furthermore, there is no guarantee that we will be able to identify viable targets for strategic acquisition. Also we may incur significant costs in efforts that may not result in a successful acquisitions.

In addition, we may also issue equity securities to pay for future acquisitions or alliances, which could be dilutive to existing shareholders. We may also incur debt or assume contingent liabilities in connection with acquisitions and alliances, which could impose restrictions on our business operations and harm our operating results.

If we are unable to obtain raw materials in a timely manner or if the price of raw materials increases significantly, production time and product costs could increase, which may adversely affect our business.

Our fabrication and packaging processes depend on raw materials such as silicon wafers, gold, copper, molding compound, petroleum and plastic materials and various chemicals and gases. From time to time, suppliers may extend lead times, limit supplies or increase prices due to capacity constraints or other factors. If the prices of these raw materials rise significantly, we may be unable to pass on the increased cost to our customers. Our results of operations could be adversely affected if we are unable to obtain adequate supplies of raw materials in a timely manner or at reasonable price. In addition, from time to time, we may need to reject raw materials because they do not meet our specifications or the sourcing of such materials do not comply with our conflict mineral policies, resulting in potential delays or declines in output. Furthermore, problems with our raw materials may give rise to compatibility or performance issues in our products, which could lead to an increase in customer returns or product warranty claims. Errors or defects may arise from raw materials supplied by third parties that are beyond our detection or control, which could lead to additional customer returns or product warranty claims that may adversely affect our business and results of operations.

We may not be able to accurately estimate provisions at fiscal period end for price adjustment and stock rotation rights under our agreements with distributors, and our failure to do so may impact our operating results.

We sell a majority of our products to distributors under arrangements allowing price adjustments and returns under stock rotation programs, subject to certain limitations. As a result, we are required to estimate allowances for price adjustments and stock rotation for our products as inventory at distributors at each reporting period end.

We estimate the allowance for price adjustment based on factors such as distributor inventory levels, forecasted distributor selling prices, distributor margins and demand for our products. Our estimated allowances for price adjustments, which we offset against accounts receivable from distributors, were $40.8 million and $41.7 million at June 30, 2025 and 2024, respectively.

Our accruals for stock rotation are estimated based on historical returns and individual distributor agreement, and stock rotation rights, which are recorded as accrued liabilities on our consolidated balance sheets, are contractually capped based on

the terms of each individual distributor agreement. Our estimated liabilities for stock rotation at June 30, 2025 and 2024 were $6.2 million and $4.7 million, respectively.

Our estimates for these allowances and accruals may be inaccurate. If we subsequently determine that any allowance and accrual based on our estimates is insufficient, we may be required to increase the size of our allowances and accrual in future periods, which would adversely affect our results of operations and financial condition.

Our operations of one wholly-owned packaging and testing facility are subject to risks that could adversely affect our business and financial results.

We have one wholly-owned packaging and testing facility located in Shanghai, China that handles the majority of our packaging and testing requirements. The operation of high-volume packaging and testing facility and implementation of our advanced packaging technology are complex and demand a high degree of precision and may require modification to improve yields and product performance. We have committed substantial resources to ensure that our packaging and testing facilities operate efficiently and successfully, including the acquisition of equipment and raw materials, and training and management of a large number of technical personnel and employees. Due to the fixed costs associated with operating our own packaging and testing facilities, if we are unable to utilize our in-house facility at a desirable level of production, our gross margin and results of operations may be adversely affected. For example, a significant decline in our market share or sales orders may negatively impact our factory utilization and reduce our ability to achieve profitability.

In addition, the operation of our packaging and testing facility is subject to a number of risks, including the following:

- unavailability of equipment, whether new or previously owned, at acceptable terms and prices;
- facility equipment failure, power outages or other disruptions;
- shortage of raw materials, including copper, gold and molding compound;
- failure to maintain quality assurance and remedy defects and impurities;
- changes in the packaging requirements of customers;
- compliance with local and regional legal and regulatory requirements; and
- unexpected customs, tax and other government audits and investigations concerning related party transactions, transfer pricing arrangements, IP license and royalty payments, etc.

Any of the foregoing risks could adversely affect our capacity to package and test our products, which could delay shipment of our products, result in higher expenses, reduce revenue, damage our relationships with customers and otherwise adversely affect our business, results of operations, financial condition and prospects.

Our business operations and financial conditions may be adversely affected by any disruption in our information technology systems, including any cyberattacks and breaches.

Our operations are dependent upon our information technology systems, which encompass all of our major business functions across offices internationally. We rely upon such information technology systems to manage and replenish inventory, complete and track customer orders, coordinate sales activities across all of our products and services, maintain vital data and information, perform financial and accounting tasks and manage and perform various administrative and human resources functions. A substantial disruption in our information technology systems for any extended time period (arising from, for example, system capacity limits from unexpected increases in our volume of business, outages or delays in our service) could result in delays in receiving inventory and supplies or filling customer orders and adversely affect our customer service and relationships. Our systems might be damaged or interrupted by natural or man−made events or by computer viruses, physical or electronic break−ins, cyber-attacks and similar disruptions affecting the global Internet.

In the past we have experienced cybersecurity incidents and threats against our information technology systems. While these incidents and attacks did not have a material adverse effect on our business operation or results of operations, they caused temporary disruptions and interfered with our operations. Any cybersecurity breach and financial loss may also have a negative impact on our internal control over financial reporting. While we have implemented additional measures to enhance our security protocol to protect our system and intend to do so in response to any threats, there is no guarantee that future attacks would be thwarted or prevented. We also expect to incur additional costs and expenses to upgrade our information technology system and establish additional protective measures to prevent future breaches. Furthermore, despite our efforts to investigate, improve and remediate the capability and performance of our information technology system, we may not be able to discover all weaknesses, breaches and vulnerabilities, and failure to do so may expose us to higher risk of data loss and adversely affect our business operations and results of operations.

We depend on the continuing services of our senior management team and other key personnel, and if we lose a member of our senior management or are unable to successfully retain, recruit and train key personnel, our ability to develop and market our products could be harmed.

Our success depends upon the continuing services of members of our senior management team and various engineering and other technical personnel. In particular, our engineers and other sales and technical personnel are critical to our future technological and product innovations. Our industry is characterized by high demand and intense competition for talent and the pool of qualified candidates is limited. We have entered into employment agreements with certain senior executives, but we do not have employment agreements with most of our employees. Many of these employees could leave our company with little or no prior notice and would be free to work for a competitor. If one or more of our senior executives or other key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all and other senior management may be required to divert attention from other aspects of our business. In addition, we do not have "key person" life insurance policies covering any member of our management team or other key personnel. The loss of any of these individuals or our inability to attract or retain qualified personnel, including engineers and others, could adversely affect our product introductions, overall business growth prospects, results of operations and financial condition.

Failure to protect our patents and our other proprietary information could harm our business and competitive position.

Our success depends, in part, on our ability to protect our intellectual property. We rely on a combination of patent, copyright (including mask work protection), trademark and trade secret laws, as well as nondisclosure agreements, license agreements and other methods to protect our intellectual property rights, which may not be sufficient to protect our intellectual property. As of June 30, 2025, we owned 949 issued U.S. patents expiring between 2025 and 2043 and had 64 pending patent applications with the United States Patent and Trademark Office. In addition, we own patents and have filed patent applications in several jurisdictions outside of the U.S, including China, Taiwan, Japan and Korea.

Our patents and patent applications may not provide meaningful protection from our competitors, and there is no guarantee that patents will be issued from our patent applications. The status of any patent or patent application involves complex legal and factual determinations and the breadth of a claim is uncertain. In addition, our efforts to protect our intellectual property may not succeed due to difficulties and risks associated with:

- policing any unauthorized use of or misappropriation of our intellectual property, which is often difficult and costly and could enable third parties to benefit from our technologies without paying us;
- others independently developing similar proprietary information and techniques, gaining authorized or unauthorized access to our intellectual property rights, disclosing such technology or designing around our patents;
- the possibility that any patent or registered trademark owned by us may not be enforceable or may be invalidated, circumvented or otherwise challenged in one or more countries, which may limit our competitive advantages;
- uncertainty as to whether patents will be issued from any of our pending or future patent applications with the scope of the claims sought by us, if at all; and
- the possibility that intellectual property laws and confidentiality laws may not adequately protect our intellectual property rights, including, for example, in China where enforcement of China intellectual property-related laws have historically been less effective, primarily because of difficulties in enforcement and low damage awards.

We also rely on customary contractual protection with our customers, suppliers, distributors, employees and consultants, and we implement security measures to protect our trade secrets. We cannot assure you that these contractual protections and security measures will not be breached, that we will have adequate remedies for any such breach or that our suppliers, employees, distributors or consultants will not assert rights to intellectual property arising out of such contracts.

In addition, we have a number of third-party patent and intellectual property license agreements, one of which requires us to make ongoing royalty payments. In the future, we may need to obtain additional licenses, renew existing license agreements or otherwise replace existing technology. We are unable to predict whether these license agreements can be obtained or renewed or the technology can be replaced on acceptable terms, or at all.

Intellectual property disputes could result in lengthy and costly arbitration, litigation or licensing expenses or prevent us from selling our products.

As is typical in the semiconductor industry, we or our customers have received and may continue to receive claims of infringement from time to time or otherwise become aware of potentially relevant patents or other intellectual property rights held by other parties that may cover some of our technology, products and services or those of our end customers. The

semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights which has resulted in protracted and expensive arbitration and litigation for many companies. Patent litigation has increased in recent years due to increased assertions made by intellectual property licensing entities or non-practicing entities and increasing competition and overlap of product functionality in our markets.

Any litigation or arbitration regarding patents or other intellectual property could be costly and time consuming and could divert our management and key personnel from our business operations. We have in the past and may from time to time in the future become involved in litigation that requires our management to commit significant resources and time. In addition, as part of our strategy to diversify our serviceable markets, we launched several key product families and technologies to enable high efficiency power conversion solutions and we plan to develop and commercialize new products in other power semiconductor markets. Our entry into the commercial markets for high-voltage power semiconductors and other markets as a result of our diversification strategy may subject us to additional and increased risk of disputes or litigation relating to these products.

Because of the complexity of the technology involved and the uncertainty of litigation generally, any intellectual property arbitration or litigation involves significant risks. Any claim of intellectual property infringement against us may require us to:

- incur substantial legal and personnel expenses to defend the claims or to negotiate for a settlement of claims;
- pay substantial damages or settlement to the party claiming infringement;
- refrain from further development or sale of our products;
- attempt to develop non-infringing technology, which may be expensive and time consuming, if possible at all;
- enter into costly royalty or license agreements that might not be available on commercially reasonable terms or at all;
- cross-license our technology with a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; and
- indemnify our distributors, end customers, licensees and others from the costs of and damages of infringement claims by our distributors, end customers, licensees and others, which could result in substantial expenses for us and damage our business relationships with them.

Any intellectual property claim or litigation against us harm our business, results of operations, financial condition and prospects.

Evolving export control regulations may adversely affect our business operations.

We expect that the U.S. export control regulations to evolve and change in response to the political and economic tension between the U.S. and China, including potential new export control regulations that may impose additional restrictions on our ability to continue to do business with certain customers in China and Asia. If such changes occur, we may be required to reduce shipments to certain Asian customers, adjust our business practices and incur additional costs to implement new export control compliance procedures, policies and programs, each of which will adversely affect our financial conditions and results of operations.

Global or regional economic, political and social conditions could adversely affect our business and operating results.

External factors such as potential terrorist attacks, acts of war, financial crises, such as the global or regional economic recession, or geopolitical and social turmoil in those parts of the world that serve as markets for our products could have significant adverse effect on our business and operating results in ways that cannot presently be predicted. Any future economic downturn or recession in the global economy in general and, in particular, on the economies in China, Taiwan and other countries where we market and sell our products, will have an adverse effect on our results of operations.

Our business operations could be significantly harmed by natural disasters or global epidemics.

We have research and development facilities located in Taiwan and the Silicon Valley in Northern California. Historically, these regions have been vulnerable to natural disasters and other risks, such as earthquakes, fires and floods, which may disrupt the local economy and pose physical risks to our property. We also have sales offices located in Taiwan and Japan where similar natural disasters and other risks may disrupt the local economy and pose physical risks to our operations. We are not currently covered by insurance against business disruption caused by earthquakes. In addition, we

currently do not have redundant, multiple site capacity in the event of a natural disaster or other catastrophic event. In the event of such an occurrence, our business would suffer.

Our business could be adversely affected by natural disasters such as epidemics, outbreaks or other health crisis. An outbreak of avian flu or H1N1 flu in the human population, or another similar health crisis similar to the COVID-19 pandemic, could adversely affect the economies and financial markets of many countries, particularly in Asia. Moreover, any related disruptions to transportation or the free movement of persons could hamper our operations and force us to close our offices temporarily.

The occurrence of any of the foregoing or other natural or man-made disasters could cause damage or disruption to us, our employees, operations, distribution channels, markets and customers, which could result in significant delays in deliveries or substantial shortages of our products and adversely affect our business results of operations, financial condition or prospects.

Our insurance may not cover all losses, including losses resulting from business disruption or product liability claims.

We have limited product liability, business disruption or other business insurance coverage for our operations. In addition, we do not have any business insurance coverage for our operations to cover losses that may be caused by litigation or natural disasters. Any occurrence of uncovered loss could harm our business, results of operations, financial condition and prospects.

Our international operations subject our company to risks not faced by companies without international operations.

We have adopted a global business model under which we maintain significant operations and facilities through our subsidiaries located in the U.S., China, Taiwan and Hong Kong. Our main research and development center is located in Silicon Valley, and our manufacturing and supply chain is located in China. We also have sales offices and customers throughout Asia, the U.S. and elsewhere in the world. Our international operations may subject us to the following risks:

- economic and political instability, including trade tension between the U.S. and China;
- costs and delays associated with transportations and communications;
- coordination of operations through multiple jurisdictions and time zones;
- fluctuations in foreign currency exchange rates;
- trade restrictions, changes in laws and regulations relating to, amongst other things, import and export tariffs, taxation, environmental regulations, land use rights and property; and
- the laws of, including tax laws, and the policies of the U.S. toward, countries in which we operate.

If we fail to maintain an effective internal control environment as well as adequate control procedures over our financial reporting, investor confidence may be adversely affected thereby affecting the value of our stock price.

We are required to maintain proper internal control over our financial reporting and adequate controls related to our disclosures. As defined in Rule 13a-15(f) under the Exchange Act, internal control over financial reporting is a process designed by, or under the supervision of the 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. If we fail to maintain adequate controls, our business, the results of operations, financial condition and/or the value of our stock may be adversely impacted. In addition, if we identify material weakness in our internal control process, we may be required to incur additional costs to implement remedial measures, and public disclosure of material weaknesses may adversely affect the investors' confidence in the quality of our financial disclosures, which may negatively impact trading price of our stock.

We are subject to the risk of increased income taxes and changes in existing tax rules.

We conduct our business in multiple jurisdictions, including Hong Kong, Macau, the U.S., China, Taiwan, South Korea, Japan, India, the United Kingdom and Germany. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. Any of these jurisdictions may assert that we have unpaid taxes. Our effective tax rate was 31.0%, (138.1)% and 30.1% for the fiscal years ended June 30, 2025, 2024 and 2023, respectively.

Any tax rate changes in the tax jurisdictions in which we operate could result in adjustments to our deferred tax assets, if applicable, which would affect our effective tax rate and results of operations. We base our tax position upon the anticipated nature and conduct of our business and upon our understanding of the tax laws of the various countries in which we have assets or conduct activities. However, our tax position is subject to review and possible challenge by tax authorities and to possible changes in law, which may have a retroactive effect. In particular, various proposals over the years have been made to change certain U.S. tax laws relating to foreign entities with U.S. connections. In addition, the U.S. government has proposed various other changes to the U.S. international tax system, certain of which could adversely impact foreign-based multinational corporate groups, and increased enforcement of U.S. international tax laws.

It is possible that these or other changes in the U.S. tax laws, foreign tax laws, or proposed actions by international bodies such as the Organization of Economic Cooperation and Development (OECD) could significantly increase our U.S. or foreign income tax liability in the future, including as described further below in this risk factor.

In December 2017, the European Union ("EU") identified certain jurisdictions (including Bermuda and Cayman Islands) which it considered had a tax system that facilitated offshore structuring by attracting profits without commensurate economic activity. In order to avoid EU "blacklisting", both Bermuda and Cayman Islands introduced new legislation in December 2018, which came into force on January 1, 2019. These new laws require Bermuda and Cayman companies carrying on one or more "relevant activity" (including: banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service center, intellectual property or holding company) to maintain a substantial economic presence in Bermuda and Cayman Islands in order to comply with the economic substance requirements. Effective from December 31, 2019, we have structured our activities to comply with the new law. However, there is no experience yet as to how the Bermuda and Cayman Islands authorities will interpret and enforce these new rules. The legislation remains subject to further clarification and, accordingly, there is no guarantee that we will be deemed to be compliant. Furthermore, this legislation may require us to make additional changes to the activities we carry on in Bermuda or Cayman Islands, which could increase our costs either directly in those locations or indirectly as a result of increased costs related to moving our operations to other jurisdictions. As a result, we are not able to determine the impact on our operations and net income as of the current period.

In addition, our subsidiaries provide products and services to, and may from time to time undertake certain significant transactions with, us and other subsidiaries in different jurisdictions. We have adopted transfer pricing arrangements for transactions among our subsidiaries. Related party transactions are generally subject to close review by tax authorities, including requirements that transactions be priced at arm's length and be adequately documented. If any tax authorities were successful in challenging our transfer pricing policies or other tax judgments, our income tax expense may be adversely affected and we could also be subject to interest and penalty charges which may harm our business, financial condition and operating results.

Further, the U.S. Congress, the EU, the OECD, and other government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. Our parent company is incorporated under the laws of Bermuda and is subject to Bermuda law with respect to taxation. Under current Bermuda law, the Company is not subject to any income or capital gains taxes in Bermuda. As we have previously disclosed, the Government of Bermuda announced in December 2023 that it enacted the Corporate Income Tax Act 2023, potentially imposing a 15% corporate income tax (CIT) on Bermuda companies that are within the scope of the CIT, that will be effective for tax years beginning on or after January 1, 2025. In particular, the CIT applies to multinational companies with annual revenue of 750 million Euros or more in the consolidated financial statements of the ultimate parent entity for at least two of the four fiscal years immediately preceding the fiscal year when the CIT may apply.

The Company did not generate more than 750 million Euro revenue in any of the four fiscal years before the tax year starting July 1, 2025. The Company continues to monitor and assess if and when it may be within the scope of the CIT. If we become subject to the Bermuda CIT, we may be subject to additional income taxes, which may adversely affect our financial position, results of operations and our overall business.

Our debt agreements include financial covenants that may limit our ability to pursue business and financial opportunities and subject us to risk of default.

We have entered into various debt agreements with certain financial institutions, which generally require us to maintain certain financial covenants that have the effect of limiting our ability to take certain actions, including actions to incur debt, repurchase stock, make certain investments and capital expenditures. As we continue to grow our business and expand our operations, we expect to incur additional indebtedness, including loan agreement or equipment leases, in order to fund such capital expenditures. These restrictions may limit our ability to pursue business and financial opportunities that are available or beneficial to us in response to changing and competitive economic environment, which may have an adverse effect on our

financial conditions. In addition, a breach of any of these financial covenants, if not waived by the lenders, could trigger an event of default under the debt agreements, which may result in the acceleration of our indebtedness or the loss of our collateral used to secure such indebtedness.

The imposition of U.S. corporate income tax on our Bermuda parent and non-U.S. subsidiaries could adversely affect our results of operations.

We believe that our Bermuda parent and non-U.S. subsidiaries each operate in a manner that they would not be subject to U.S. corporate income tax because they are not engaged in a trade or business in the United States. Nevertheless, there is a risk that the U.S. Internal Revenue Service may assert that our Bermuda parent and non-U.S. subsidiaries are engaged in a trade or business in the United States. If our Bermuda parent and non-U.S. subsidiaries were characterized as being so engaged, we would be subject to U.S. tax at the regular corporate rates on our income that is effectively connected with U.S. trade or business, plus an additional 30% "branch profits" tax on the dividend equivalent amount, which is generally effectively connected income with certain adjustments, deemed withdrawn from the United States. Any such tax could materially and adversely affect our results of operations.

We may be classified as a passive foreign investment company ("PFIC"), which could result in adverse U.S. federal income tax consequences for U.S. holders.

Based on the current and anticipated valuation of our assets and the composition of our income and assets, we do not expect to be considered a PFIC, for U.S. federal income tax purposes for the foreseeable future. However, we must make a separate determination for each taxable year as to whether we are a PFIC after the close of each taxable year and we cannot assure you that we will not be a PFIC for our June 30, 2025 taxable year or any future taxable year. Under current law, a non-U.S. corporation will be considered a PFIC for any taxable year if either (1) at least 75% of its gross income is passive income or (2) at least 50% of the value of its assets, generally based on an average of the quarterly values of the assets during a taxable year, is attributable to assets that produce or are held for the production of passive income. PFIC status depends on the composition of our assets and income and the value of our assets, including, among others, a pro rata portion of the income and assets of each subsidiary in which we own, directly or indirectly, at least 25% by value of the subsidiary's equity interests, from time to time. Because we currently hold and expect to continue to hold a substantial amount of cash or cash equivalents, and because the calculation of the value of our assets may be based in part on the value of our common shares, which may fluctuate considerably given that market prices of technology companies historically often have been volatile, we may be a PFIC for any taxable year. If we were treated as a PFIC for any taxable year during which a U.S. holder held common shares, certain adverse U.S. federal income tax consequences could apply for such U.S. holder.

Changes in our United States federal income tax classification, or that of our subsidiaries, could result in adverse tax consequences to our 10% or greater U.S. shareholders.

The Tax Cuts and Jobs Act of 2017 (the "Tax Act") may have changed the consequences to U.S. shareholders that own, or are considered to own, as a result of the attribution rules, 10% or more of the voting power or value of the stock of a non-U.S. corporation (a 10% U.S. shareholder) under the U.S. Federal income tax law applicable to owners of U.S. controlled foreign corporations, or CFCs.

Prior to the Tax Act, we did not believe that we, or any of our non-U.S. subsidiaries, were considered a CFC, which is a determination made daily based on whether the 10% U.S. shareholders together own, or are considered to own under the attribution rules, more than 50% of the voting power or value of a non-U.S. corporation. Under the Tax Act, however, because our group includes one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries may be classified as CFCs with respect to any single 10% U.S. shareholder, even without regard to whether 10% U.S. shareholders together own, directly or indirectly, more than 50% of the voting power or value of the Company. Our 10% or greater U.S. shareholders should consult their individual tax advisors for advice regarding the Tax Act's revision to the U.S. Federal tax law applicable to owners of CFCs.

Changes in tariffs and international trade policies affecting imports and exports may have a material adverse effect on our business operations and financial performance.

The U.S. recently proposed the implementation of a range of new tariffs and significant increases to existing tariffs. In response to such tariffs announced by the U.S., a number of other countries, including Japan and Korea, entered into new trade deals with the United States, which set certain reduced tariff rates. The specific terms of these deals still need to be further defined and implemented. Other countries, like China, are still in ongoing negotiations with the U.S. regarding tariffs, and it is unclear what the final tariff rate may be. Additionally, there is a pending investigation in the United States into the national security impact of imports of semiconductors and semiconductor manufacturing equipment, which may result in tariffs on such imports from all countries. There is thus still significant uncertainty about future U.S. tariff rates, and we cannot predict whether, and to what extent, current tariffs will continue or U.S. trade policies will change in the future. Such uncertainties and risks may negatively affect our ability to enter into new business transactions with partners, vendors and

customers because of the lack of clarity on the economic benefits of such transactions. Significant increase in U.S. tariffs may increase the costs of materials, goods and components that we purchase from suppliers from other countries for the manufacturing and distribution of our products, which may adversely affect our financial performance. Also, we may not be able to mitigate the impact of tariffs by identifying and securing alternative sources in the U.S. for similar materials, goods and components at comparable qualities or more favorable prices. Furthermore, tariffs, or the threat of tariffs or increased tariffs, could have a significant negative impact on our business relationships with customers, suppliers and partners in Asia, including China, Hong Kong, Taiwan, Korea and Japan. Any significant changes in trade policies and tariffs may also affect the business operations of our customers, suppliers and partners, which may cause them to take actions or make decisions that adversely affect our business operations and results of operations.

Risks Related to Doing Business in China

China's economic, political and social conditions, as well as government policies, could affect our business and growth.

Our financial results have been, and are expected to continue to be, affected by the economy in China. If China's economy is slowing down, it may negatively affect our business operation and financial results. The China economy differs from the economies of most developed countries in many respects, including:

- higher level of government involvement;
- early stage of development of a market-oriented economy;
- rapid growth rate;
- higher level of control over foreign currency exchange; and
- less efficient allocation of resources.

The Chinese economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the Chinese 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 corporate governance in business enterprises, the Chinese government continues to retain significant control over the business and productive assets in China. Any changes in China's government policy or China's political, economic and social conditions, or in relevant laws and regulations, may adversely affect our current or future business, results of operations or financial condition. These changes in government policy may be implemented through various means, including changes in laws and regulations, implementation of anti-inflationary measures, change of basic interest rate, changes in the tax rate or taxation system and the imposition of additional restrictions on currency conversion and imports. Furthermore, given China's largely export-driven economy, any changes in the economies of China's principal trading partners and other export-oriented nations may adversely affect our business, results of operations, financial condition and prospects.

Our ability to successfully expand our business operations in China depends on a number of factors, including macroeconomic and other market conditions, and credit availability from lending institutions. In response to the recent global and Chinese economic recession, the Chinese government has promulgated several measures aimed at expanding credit and stimulating economic growth. We cannot assure you that the various macroeconomic measures, monetary policies and economic stimulus package adopted by the Chinese government to guide economic growth will be effective in maintaining or sustaining the growth rate of the Chinese economy. If measures adopted by the Chinese government fail to achieve further growth in the Chinese economy, it may adversely affect our growth, business strategies and operating results. In addition, changes in political and social conditions of China may adversely affect our ability to conduct our business in the region. For example, geopolitical disputes and increased tensions between China and its neighboring countries in which we conduct business could make it more difficult for us to coordinate and manage our international operations in such countries.

Changes in China's laws, legal protections or government policies on foreign investment in China may harm our business.

Our business and corporate transactions, including our operations through the JV Company, are subject to laws and regulations applicable to foreign investment in China as well as laws and regulations applicable to foreign-invested enterprises. These laws and regulations frequently change, and their interpretation and enforcement involve uncertainties that could limit the legal protections available to us. Regulations and rules on foreign investments in China impose restrictions on the means that a foreign investor like us may apply to facilitate corporate transactions we may undertake. In addition, the Chinese legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules

until sometime after the violation. If any of our past operations are deemed to be non-compliant with Chinese law, we may be subject to penalties and our business and operations may be adversely affected. If we cannot obtain approval from relevant authorities to engage in businesses which become prohibited or restricted for foreign investors, we may be forced to sell or restructure a business which has become restricted or prohibited for foreign investment. Furthermore, the Chinese government has broad discretion in dealing with violations of laws and regulations, including levying fines, revoking business and other licenses and requiring actions necessary for compliance. In particular, licenses and permits issued or granted to us by relevant governmental bodies may be revoked at a later time by higher regulatory bodies. If we are forced to adjust our corporate structure or business as a result of changes in government policy on foreign investment or changes in the interpretation and application of existing or new laws, our business, financial condition, results of operations and prospects may be harmed. Moreover, uncertainties in the Chinese legal system may impede our ability to enforce contracts with our business partners, customers and suppliers, or otherwise pursue claims in litigation to recover damages or loss of property, which could adversely affect our business and operations.

The continuing trade tensions between the U.S. and China may result in increased tariffs on imported goods from China that could adversely affect our business operations.

Since 2018, U.S. and China trade tensions led to higher and increasing tariffs imposed by both countries on the import of goods from the other country. The U.S. government used various authorities to implement tariffs on a variety of Chinese goods and materials, which, absent exemptions, include products and applications, including consumer electronics, that incorporate our power discrete and power IC products. In response, China has imposed tariffs on certain American products, and warned of additional actions if the U.S. imposes new or increased tariffs.

Since February 2025, the current U.S. administration has proposed to increase the total tariff level for imported Chinese goods significantly, and additional tariff increases could be imposed as the trade tensions between the two countries continue to heighten. On February 1, 2025, the United States imposed additional tariffs of 10% on all Chinese-origin goods, which was increased to 20% on March 4, 2025. On April 2, 2025, the U.S. announced that it was imposing a 34% “reciprocal tariff” on top of the existing 20%, raising the tariff on Chinese goods to 54% (which stacks on top of preexisting tariffs of 7.5%-100% on most Chinese-origin goods imposed under previous U.S. administrations). On April 9, 2025, China responded to U.S. tariff threats by hiking its levies on U.S. imports from 34% to 84%, and the U.S. then increased new tariffs on Chinese goods to 125%. On April 11, 2025, the U.S. announced that semiconductors would be exempt from the reciprocal tariffs, but this exemption does not impact the 20% tariff imposed in March. Later that same day, in a further retaliatory move, China increased tariffs on U.S. imports to 125%.

On May 12, 2025, the U.S. and China agreed to temporarily suspend most tariffs on each other’s goods for a 90-day period (“the 90-day truce”) in trade talks in Geneva. After the Geneva meetings, the new US tariffs on Chinese goods were reduced from 145% to 30%, while China’s retaliatory tariffs dropped from 125% to 10%. On August 11, 2025, the 90-day truce was extended until November 10, 2025 while the countries continue to engage in negotiations.

The continuing trade tensions could have significant adverse effects on world trade and the world economy. While the two countries are having trade talks, including the London trade talk in June and Stockholm trade talk in late July, the ultimate level of tariffs, the ultimate scope of them, and whether or how any proposed additional tariffs will impact our business is uncertain. We believe that the imposition of additional tariffs by the U.S. government on products incorporating our power semiconductors could deter our customers from purchasing our products originating from China. If so, this would reduce demand for our power semiconductor products or result in pricing adjustments that would lower our gross margin, which could have a material adverse effect on our business and results of operations.

Further, we cannot predict what additional actions, if any, may be taken with respect to tariffs or trade relations between the United States and China, or what actions may be taken by the China in retaliation. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs, trade agreements or related policies have the potential to adversely impact our supply chain, access to equipment, our costs and our product margins.

Our China subsidiaries’ current corporate structure and business operations may be affected by the Foreign Investment Law of the PRC.

On March 15, 2019, the National People’s Congress of the PRC promulgated the Foreign Investment Law, which took effect on January 1, 2020, and replaced the existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies a PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. The Foreign Investment Law establishes the basic framework for the access, promotion, protection and administration of foreign

investments in China in view of investment protection and fair competition. For example, treatment of foreign investors on a national level will be no less favorable than the treatment received by domestic investors unless such investments fall within a "negative list".

On June 28, 2018, the National Development and Reform Commission (the "NDRC") and the Ministry of Commerce of the PRC (the "MOC") published the Special Administrative Measures for Market Access of Foreign Investment (Negative List) (2018 Edition), which identifies specific sectors where foreign investors will be subject to special administrative measures. The Negative List has been updated a few times since its enactment in 2018 and the current effective Negative List (2024 Edition) took effect on November 1, 2024.

The PRC Foreign Investment Law provides that foreign-invested entities operating in "restricted" or "prohibited" industries will require market entry clearance and other approvals from relevant PRC government authorities. As the Negative List is updated from time to time, there can be no assurance that the China government will not change its policies in a manner that would render part or all of our business to fall within the restricted or prohibited categories.

If future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to our business operation, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

In addition, under the Foreign Investment Law, foreign investors or the foreign invested enterprise should report investment information on the principle of necessity. Any company found to be non-complaint with such investment information reporting obligation might be potentially subject to fines or administrative liabilities.

Limitations on our ability to transfer funds to our China subsidiaries could adversely affect our ability to expand our operations, make investments that could benefit our businesses and otherwise fund and conduct our business.

The transfer of funds from us to our China subsidiaries, either as a shareholder loan or as an increase in registered capital, is subject to registration with or approval by the Chinese governmental authorities, including the State Administration of Foreign Exchange (SAFE), the State Administration for Market Regulation (SAMR), and/or the relevant examination and approval authority. Our subsidiaries may also experience difficulties in converting our capital contributions made in foreign currencies into RMB due to changes in China's foreign exchange control policies. Therefore, it may be difficult to change capital expenditure plans once the relevant funds have been remitted from us to our China subsidiaries. These limitations and the difficulties our China subsidiaries may experience on the free flow of funds between us and our China subsidiaries could restrict our ability to act in response to changing market situations in a timely manner.

China's currency exchange control and government restrictions on investment repatriation may impact our ability to transfer funds outside of China.

A significant portion of our business is conducted in China where the currency is the RMB. Regulations in China permit foreign owned entities to freely convert the RMB into foreign currency for transactions that fall under the "current account," which includes trade related receipts and payments, interest and dividends. Accordingly, our Chinese subsidiaries may use RMB to purchase foreign exchange for settlement of such "current account" transactions without pre-approval. However, pursuant to applicable regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. A Chinese company must pay 10% of its annual after-tax profits to fund its statutory reserve fund unless it has reached 50% of the registered capital of the company. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits must first be used to make up for the losses before the statutory reserve is accrued.

Other transactions that involve conversion of RMB into foreign currency are classified as "capital account" transactions; examples of "capital account" transactions include repatriations of investment by or loans to foreign owners, or direct equity investments in a foreign entity by a China domiciled entity. "Capital account" transactions require prior approval from, or registration with SAFE or its provincial branch or its authorized banks to convert a remittance into a foreign currency, such as U.S. dollars, and transmit the foreign currency outside of China.

As a result of these and other restrictions under Chinese laws and regulations, our China subsidiaries are restricted in their ability to transfer a portion of their net assets to the parent. Such restricted portion amounted to approximately $93.9 million, or 11.4% of our total consolidated net assets attributed to the Company as of June 30, 2025. We have no assurance

that the relevant Chinese governmental authorities in the future will not limit further or eliminate the ability of our China subsidiaries to purchase foreign currencies and transfer such funds to us to meet our liquidity or other business needs. Any inability to access funds in China, if and when needed for use by the Company outside of China, could have a material and adverse effect on our liquidity and our business.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in August 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the Ministry of Commerce ("MOC") be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the MOC shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOC that became effective in September 2011 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 the MOC, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. On July 1, 2015, the National Security Law of China took effect, which provided that China would establish rules and mechanisms to conduct national security review of foreign investments in China that may impact national security. China's Foreign Investment Law, which became effective in January 2020, reiterates that China will establish a security review system for foreign investments. On December 19, 2020, the NDRC and the MOC jointly issued the Measures for the Security Review of Foreign Investments (the "New FISR Measures"), which was made according to the National Security Law and the Foreign Investment Law of China and became effective on January 18, 2021. The New FISR Measures further expand the scope of national security review on foreign investment compared to the existing rules, while leaving substantial room for interpretation and speculation. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOC or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Our results of operations may be negatively impacted by fluctuations in foreign currency exchange rates between U.S. dollar and RMB.

While U.S. dollars is our main functional currency and our revenue and a significant portion of our operating expenses are denominated in U.S. dollars, we are required to maintain local currencies, primarily the RMB, in our cash balances in connection with the funding of our overseas operations. As a result, our costs and operating expenses may be exposed to adverse movements in foreign currency exchange rates between the U.S. dollar and RMB. We also do not utilize any financial instruments to hedge or reduce potential losses due to the fluctuation of foreign currency exchange rates. In general, any appreciation of U.S. dollars against a weaker RMB could reduce the value of our cash and cash equivalent balance, which could increase our operating expenses and negatively affect our cash flow, income and profitability. The value of RMB against the U.S. dollars may fluctuate and is affected by many factors outside of our control, including changes in political and economic conditions, implementation of new monetary policies by the Chinese government and changes in banking regulations, and there is no guarantee that we will be able to mitigate or recoup any losses due to a significant fluctuation in the U.S. dollar/RMB exchange rates.

PRC labor laws may adversely affect our results of operations.

The Chinese government promulgated the Labor Contract Law of the PRC, effective on January 1, 2008, which was amended on December 28, 2012 and the amended law became effective on July 1, 2013, to govern the establishment of employment relationships between employers and employees, and the conclusion, performance, termination of and the amendment to employment contracts. The Labor Contract Law imposes greater liabilities on employers and significantly affects the cost of an employer's decision to reduce its workforce. Further, it requires that certain termination decisions be based upon seniority and not merit. In the event our subsidiaries decide to significantly change or decrease their workforce in China, the Labor Contract Law could adversely affect their ability to effect such changes in a manner that is most advantageous to our business or in a timely and cost-effective manner, thus materially and adversely affecting our financial condition and results of operations.

In recent years, compensation in various industries in China has increased and may continue to increase in the future. In order to attract and retain skilled personnel, we may need to increase the compensation of our employees. Compensation

may, also, increase as inflationary pressure increases in China. In addition, under the Regulations on Paid Annual Leave for Employees, which became effective on January 1, 2008, employees who have served more than one year for a specific employer are entitled to a paid vacation ranging from 5 to 15 days, depending on length of service. Employees who waive such vacation time at the request of employers must be compensated for three times their normal salaries for each waived vacation day. This mandated paid-vacation regulation, coupled with the trend of increasing compensation, may result in increase in our employee-related costs and expenses and decrease in our profit margins.

Relations between Taiwan and China could negatively affect our business, financial condition and operating results and, therefore, the market value of our common shares.

Taiwan has a unique international political status. China does not recognize the sovereignty of Taiwan. Although significant economic and cultural relations have been established during recent years between Taiwan and China, relations have often been strained. A substantial number of our key customers and some of our essential sales and engineering personnel are located in Taiwan, and we have a large number of operational personnel and employees located in China. Therefore, factors affecting military, political or economic relationship between China and Taiwan could have an adverse effect on our business, financial condition and operating results.

Risks Related to Our Corporate Structure and Our Common Shares

Our share price may be volatile and you may be unable to sell your shares at or above the purchase price, if at all.

Limited trading volumes and liquidity of our common shares on the NASDAQ Global Select Market may limit the ability of shareholders to purchase or sell our common shares in the amounts and at the times they wish. In addition, the financial markets in the United States and other countries have experienced significant price and volume fluctuations, and market prices of technology companies have been and continue to be extremely volatile. The trading price of our common shares on The NASDAQ Global Select Market ranged from a low of $16.25 to high of $49.16 from July 1, 2024 to June 30, 2025. At July 31, 2025, the trading price of our common shares was $25.47. Volatility in the price of our shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results.

The market price for our common shares may be volatile and subject to wide fluctuations in response to factors including:

- actual or anticipated fluctuations in our operating results;
- general economic, industry, regional and global market conditions, including the economic conditions of specific market segments for our products, including the PC markets;
- our failure to meet analysts' expectations, including expectation regarding our revenue, gross margin and operating expenses;
- changes in financial estimates and outlook by securities research analysts;
- our ability to increase our gross margin;
- announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- announcements of technological or competitive developments;
- announcement of acquisition, partnership and major corporate transactions;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- our ability to enter into new market segments, gain market share, diversify our customer base and successfully secure manufacturing capacity;
- announcements regarding intellectual property disputes or litigation involving us or our competitors;
- changes in the estimation of the future size and growth rate of our markets;
- announcement of significant legal proceedings, litigation or government investigation;
- additions or departures of key personnel;
- repurchase of shares under our repurchase program;
- announcement of sales of our securities by us or by our major shareholders;
- general economic or political conditions in China and other countries in Asia; and

- other factors.

In the past, securities class action litigation has often been brought against a company following periods of volatility in such company's share price. This type of litigation could result in substantial costs and divert our management's attention and resources which could negatively impact our business and financial conditions. See Item 3. Legal Proceeding.

If securities or industry analysts adversely change their recommendations regarding our common shares or if our operating results do not meet their expectations, the trading price of our common shares could decline.

The market price of our common shares is influenced by the research and reports that industry or securities analysts publish about us or our business. There is no guarantee that these analysts will understand our business and results, or that their reports will be accurate or correctly predict our operating results or prospects. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause the market price of our common shares or its trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrade our common shares or if our operating results or prospects do not meet their expectations, the market price of our common shares could decline significantly.

Anti-takeover provisions in our bye-laws could make an acquisition of us more difficult and may prevent attempts by our shareholders to replace or remove our current management.

Certain provisions in our bye-laws may delay or prevent an acquisition of us or a change in our management. In addition, by making it more difficult for shareholders to replace members of our board of directors, these provisions also may frustrate or prevent any attempts by our shareholders to replace or remove our current management because our board of directors is responsible for appointing the members of our management team. These provisions include:

- the ability of our board of directors to determine the rights, preferences and privileges of our preferred shares and to issue the preferred shares without shareholder approval;
- advance notice requirements for election to our board of directors and for proposing matters that can be acted upon at shareholder meetings; and
- the requirement to remove directors by a resolution passed by at least two-thirds of the votes cast by the shareholders having a right to attend and vote at the shareholder meeting.

These provisions could make it more difficult for a third-party to acquire us, even if the third-party's offer may be considered beneficial by many shareholders. As a result, shareholders may be limited in their ability to obtain a premium for their shares.

We are a Bermuda company and the rights of shareholders under Bermuda law may be different from U.S. laws.

We are a Bermuda limited liability exempted company. As a result, the rights of holders of our common shares will be governed by Bermuda law and our memorandum of association and bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions, including the U.S. For example, some of our directors are not residents of the United States, and a substantial portion of our assets are located outside the United States. As a result, it may be difficult for investors to effect service of process on those persons in the U.S. or to enforce in the U.S. judgments obtained in U.S. courts against us or those persons based on civil liability provisions of the U.S. securities laws. It is doubtful whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the U.S., against us or our directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against us or our directors or officers under the securities laws of other jurisdictions.

Item 1B. Unresolved Staff Comments

None.

Item 1C Cybersecurity

Risk Management and Strategy

We recognize the importance of managing cybersecurity threats and risks related to our business, and we have adopted a multi-faceted and proactive strategy to identify, evaluate, address, respond and neutralize cybersecurity threats and attacks. We employ a combination of technical solutions, security policies and procedures, employee training programs, and regular security audits to enhance and fortify our defenses. We utilize advanced monitoring tools and anomaly detection systems to swiftly identify any suspicious activities or deviations from normal operation. Our security infrastructure includes firewalls, intrusion detection systems, encryption protocols, and access controls to protect our systems and data from unauthorized access or malicious attacks. In the event a cybersecurity incident is detected, we have established incident response procedures to contain the threat, minimize the impact, and restore normal operations as quickly as possible. We also conduct periodic risk assessments to identify cybersecurity threats, as well as assessments in the event of a material change in our business practices that may affect our information systems that are vulnerable to such cybersecurity threats. We believe that our cybersecurity risk management process has been and continues to be an integral part of our overall risk management process of the Company as our cybersecurity team collaborates closely with our information technology team, senior management, Audit Committee and Cybersecurity Subcommittee, and internal audit team to address any such threats and incidents.

Our cybersecurity team plays a critical role in managing our cybersecurity risk. They oversee security controls and orchestrate our response to incidents on a day-to-day basis, including threats arising internally or from our vendors, suppliers or other third parties that we conduct business with. In addition, we have developed and implemented information security policies, standards, procedures and security guidelines that are based on industry standards, particularly the National Institute of Standards and Technology (NIST) Cybersecurity Framework. Furthermore, we have implemented and maintained employee policies design to reduce risk of cyber-attacks and educate employees on protocol in the event of a potential cybersecurity incident.

We use third-party service providers in various functions throughout our business. We have implemented stringent processes to oversee and manage cybersecurity risk with these third parties, which includes risk assessment activities, enforcement of policies to ensure compliance with current cybersecurity standards and monitoring activities, and periodic review of potential cyber breaches announcements made by the third-party service providers.

We are not aware of any risks from cybersecurity threats that have materially affected our business strategy, results of operations or financial condition or are reasonably likely to have a material effect. However, cyber-attacks are increasing in frequency, sophistication and intensity, and despite our ongoing efforts we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced undetected cybersecurity incidents. Please refer to “Risk Factors” in Part I, Item 1A of this Form 10-K for more information on the risks posed to us by cybersecurity threats.

Governance

Our senior management team, including our cybersecurity team, are responsible for day-to-day implementation, assessment, and management of our cybersecurity risk management processes. Our cybersecurity team includes Vice President of Information Technology and Information Security Officer with a team of eight full-time information technology professionals and several outside security vendors to manage our information security program. When a cybersecurity incident is identified, our computer incident response team will notify the Information Security Officer immediately, and upon assessment of the nature and severity of the incident, internal and external parties may be further notified to determine the appropriate response strategy, and written preliminary and final reports will be submitted to management. Our Vice President of Information Technology and Information Security Officer have served in various roles in information technology and information security, and together they have over 55 years of experience in this field. Our Information Security Officer is a certified information systems security professional (CISSP). The cybersecurity team has primary responsibility for our overall cybersecurity risk management program, including monitoring the prevention, detection, mitigation, and remediation of cybersecurity incidents, and works in partnership with senior management team, including our Chief Executive Officer and Chief Financial Officer, as well as our Board of Directors.

Our Board of Directors (the “Board”) plays an active role in overseeing and managing the Company’s cybersecurity risks. The Audit Committee of the Board has established a Cybersecurity Subcommittee for the purpose of assessing, analyzing and managing the Company’s key cybersecurity and information technology risks, and to ensure that our systems are adequate to protect against security breach and effectively safeguard the Company’s IT infrastructure, assets, intellectual property, and data. The roles and responsibilities of the Cybersecurity Subcommittee are determined, from time to time, by the Audit Committee. The Cybersecurity Subcommittee meets quarterly with our management team to discuss various matters relating to IT and cybersecurity risks, and our senior management team communicates and coordinates directly with the Cybersecurity Subcommittee in the event of any cybersecurity incident. The Cybersecurity Subcommittee is given the following responsibilities:

- Oversight of policies, procedures, plans, and execution intended to provide security, confidentiality, availability, and integrity of the information.
- Oversight of the quality and effectiveness of the Company’s policies and procedures with respect to its IT systems;
- Review and oversight on policies and procedures of the Company in preparation for responding to cybersecurity incidents.
- Oversight of risks related to IT systems and processes, including privacy, network security and data security, and any internal audits of such systems and processes.
- Review and oversight of preparation of the Company’s public disclosures, including SEC filings, relating to the Company’s IT systems, including privacy, network security, and data security, and
- Report to the Audit Committee and the Board of significant and material cybersecurity incidents.

Item 2. Properties

As of July 31, 2025, our primary U.S. facility, which houses our research and design function, as well as elements of marketing and administration, is located in Sunnyvale, California. We conduct our manufacturing, research and development, sales and marketing and administration in Asia and North America. We lease all properties used in our business except the wafer fabrication facility in Oregon acquired in January 2012. The following table sets forth the location, size and primary use of our principal properties that are material to our business operations:

Location	Square Footage	Primary Use
475 Oakmead Parkway Sunnyvale, California, USA 94085	57,000	Research and development, marketing, sales and administration
3131 Northeast Brookwood Parkway Hillsboro, Oregon, USA 97124	252,950	Wafer fabrication facility
Building 1/2 and 8/9, No. 91, Lane 109, Rongkang Road, Songjiang District, Shanghai, China 201614	221,301	Packaging and testing, manufacturing support
Building 1,2,3 No.135 Rongkang Road, Songjiang Export Process Zone, Area B, Songjiang, Shanghai,China 201614	250,198	Packaging and testing, manufacturing support

We believe that our current facilities are adequate and that additional space will be available on commercially reasonable terms for the foreseeable future.

Item 3. Legal Proceedings

As previously disclosed, the Company cooperated with the Department of Commerce (“DOC”) in connection with its administrative investigation regarding certain transactions by the Company. On July 2, 2025, the Company announced that it reached a settlement agreement with DOC to close its investigation, pursuant to which the Company agreed to make a one-time payment of $4.25 million. The resolution does not impact the Company’s ongoing business operations.

We have in the past, and may from time to time in the future, become involved in legal proceedings arising from the normal course of business activities. The semiconductor industry is characterized by frequent claims and litigation, including claims regarding patent and other intellectual property rights as well as improper hiring practices. Irrespective of the validity of such claims, we could incur significant costs in the defense thereof or could suffer adverse effects on our operations.

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**

Our common shares have traded on the NASDAQ Global Select Market since April 29, 2010 under the symbol AOSL. As of July 31, 2025, there were approximately 149 holders of record of our common shares, not including those shares held in a street or nominee name.

Dividend Policy

We have never declared or paid cash dividends on our common shares. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common share in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

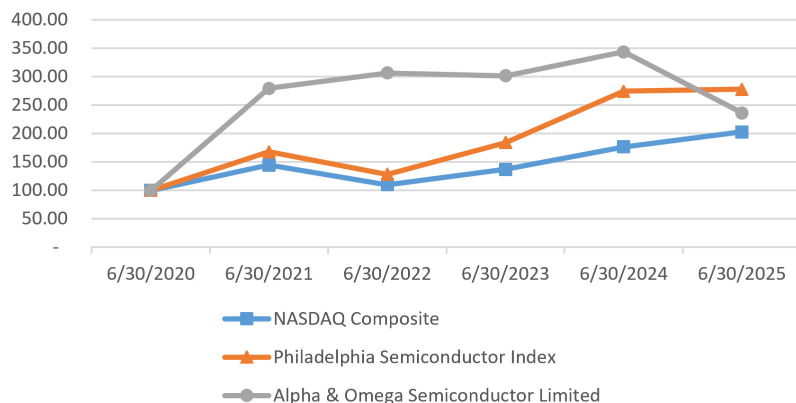
Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12 of Part III of this report regarding information about securities authorized for issuance under our equity compensation plans.

Share Performance Graph

The following graph compares the total cumulative shareholder return on our common shares with the total cumulative return of the NASDAQ Composite Index and the Philadelphia Semiconductor Index for the last five fiscal years ended June 30, 2025, assuming an investment of $100 at the beginning of such period and the reinvestment of any dividends.

The comparisons in the graph below are required by the SEC and are not intended to forecast or be indicative of possible future performance of our common shares.



The above Share Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates it by reference into such filing.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the fourth quarter of fiscal year 2025, the Company did not repurchase any common shares.

Item 6. [Reserved]

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

You should read the following discussion of the financial condition and results of our operations in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this annual report. Our consolidated financial statements contained in this annual report are prepared in accordance with U.S. GAAP.

Overview

We are 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. Our portfolio of power semiconductors includes approximately 2,800 products, and has grown with the introduction of over 100 new products in the fiscal year ended June 30, 2025, and over 100 and 60 new products in the fiscal years ended June 30, 2024 and 2023, respectively. Our teams of scientists and engineers have developed extensive intellectual properties and technical knowledge that encompass major aspects of power semiconductors, which we believe enables us to introduce and develop innovative products to address the increasingly complex power requirements of advanced electronics. We have an extensive patent portfolio that consists of 949 patents and 64 patent applications in the United States as of June 30, 2025. We also have a total of 961 foreign patents, which primarily were based on our research and development efforts through June 30, 2025. We differentiate ourselves by integrating our expertise in technology, design and advanced manufacturing and packaging to optimize product performance and cost. Our portfolio of products targets high-volume applications, including personal computers, graphic cards, game consoles, home appliances, power tools, smart phones, battery packs, consumer and industrial motor controls and power supplies for computers, servers and telecommunications equipment. During fiscal year 2025, we accelerated the development of new technology platforms which allowed us to introduce 33 medium and high voltage MOSFET products, targeting primarily the power supply markets and industrial markets, as well as 11 low voltage MOSFET products primarily for the communication market. In addition, we introduced 38 Power IC new products for computing applications, communication and consumer markets.

Our business model leverages global resources, including research and development and manufacturing in the United States and Asia. Our sales and technical support teams are localized in several growing markets. We operate an 8-inch wafer fabrication facility located in Hillsboro, Oregon, or the Oregon Fab, which is critical for us to accelerate proprietary technology development, new product introduction and improve our financial performance. To meet the market demand for the more mature high volume products, we also utilize the wafer manufacturing capacity of selected third party foundries. For assembly and test, we primarily rely upon our in-house facilities in China. In addition, we utilize subcontracting partners for industry standard packages. We believe our in-house packaging and testing capability provides us with a competitive advantage in proprietary packaging technology, product quality, cost and sales cycle time.

On March 29, 2016, we formed a joint venture (the "JV Company") with two investment funds owned by the Municipality of Chongqing (the "Chongqing Funds"), for the purpose of constructing and operating a power semiconductor packaging, testing and 12-inch wafer fabrication facility ("Fab") in the LiangJiang New Area of Chongqing, China. As of December 1, 2021, we owned 50.9%, and the Chongqing Funds owned 49.1% of the equity interest in the JV Company. The joint venture was accounted under the provisions of the consolidation guidance since we had controlling financial interests until December 1, 2021. In December 2021, we sold a portion of our equity interest in the JV Company to a third-party investor, pursuant to which we reduced our ownership from 50.9% to 48.8% of outstanding equity of the JV Company, and reduced our representation on the board of directors of the JV Company. As a result, the JV Company was deconsolidated from our consolidated financial statements effective as of December 2, 2021.

From December 2021 to June 2024, we completed several transactions to sell additional equity interests of the JV Company to third-party investors, while the JV Company also issued additional equity interests to new investors that diluted our ownership interest. Accordingly, as of June 30, 2024, the percentage of outstanding JV equity interest beneficially owned by us was further reduced to 42.8%.

On December 30, 2024, the JV Company signed an investment agreement with an investor, pursuant to which the investor agreed to invest RMB 500 million (or $68.5 million based on the currency exchange rate between RMB and U.S. Dollar on December 31, 2024) in the JV Company in exchange for a 7.09% interest. This transaction closed on January 15, 2025, at which time, the percentage of outstanding JV Company's equity interest owned by the Company was reduced to approximately 39.2%. The funding of the investment was agreed to be made in three installments. The JV Company received the first installment of RMB 40 million (or $5.5 million) on December 31, 2024. However, the JV Company has not received the remaining two installments as of the filing date. As of June 30, 2025, the percentage of outstanding JV equity interest beneficially owned by the Company was 39.2%.

On July 14, 2025, we entered into an equity transfer agreement with a strategic investor to sell approximately 20.3% of outstanding equity interest in the JV Company for an aggregate cash consideration of $150 million to be paid in four installments, subject to satisfaction of certain conditions.

We expect to receive all four installment payments and close the transaction prior to the end of calendar year 2025. We believe this sale will provide additional and significant capital for us to continue investment in technology, R&D projects and acquisition of assets complementary to our business operations, which will facilitate and accelerate our efforts to develop and distribute innovative and diverse power semiconductor products to customers worldwide.

In addition, the JV Company will continue to provide us with significant level of foundry capacity to enable us to develop and manufacture our products. Pursuant to an agreement with the JV Company and other shareholders of the JV Company, the JV Company is committed to provide us with a specified level of monthly wafer production capacity.

Other Factors Affecting Our Performance

The global, regional economic and PC market conditions: Because our products primarily serve consumer electronic applications, any significant changes in global and regional economic conditions could materially affect our revenue and results of operations. A significant amount of our revenue is derived from sales of products in the PC markets, such as notebooks, motherboards and notebook battery packs. Therefore, a substantial decline in the PC market could have a material adverse effect on our revenue and results of operations. The PC markets have experienced a modest global decline in recent years due to continued growth of demand in tablets and smart phones, worldwide economic conditions and the industry inventory correction which had and may continue to have a material impact on the demand for our products. In addition, the PC market may be affected by evolving laws and regulations governing international trade, such as export control regulations.

A decline of the PC market may have a negative impact on our revenue, factory utilization, gross margin, our ability to resell excess inventory, and other performance measures. We have executed and continue to execute strategies to diversify our product portfolio, penetrate other market segments, including the consumer, communications and industrial markets, and improve gross margins and profit by implementing cost control measures. While making efforts to reduce our reliance on the computing market, we continue to support our computing business and capitalize on the opportunities in this market with a more focused and competitive PC product strategy to gain market share.

Manufacturing costs and capacity availability: Our gross margin is affected by a number of factors including our manufacturing costs, utilization of our manufacturing facilities, the product mixes of our sales, pricing of wafers from third party foundries and pricing of semiconductor raw materials. Capacity utilization affects our gross margin because we have certain fixed costs at our Shanghai facilities and our Oregon Fab. If we are unable to utilize our manufacturing facilities at a desired level, our gross margin may be adversely affected. In addition, from time to time, we may experience wafer capacity constraints, particularly at third party foundries, that may prevent us from meeting fully the demand of our customers. While we can mitigate these constraints by increasing and re-allocating capacity at our own fab, we may not be able to do so quickly or at sufficient level, which could adversely affect our financial conditions and results of operations. We also rely on third parties to provide foundry capacity to manufacture our products, including the JV Company, therefore it is important that we maintain continuous access to such capacity, which may not be available at sufficient level or at pricing terms favorable. If these third-party foundries, including the JV Company, take actions or make decisions that prevent us from accessing required capacity, our operations may be adversely affected.

Erosion and fluctuation of average selling price: Erosion of average selling prices of established products is typical in our industry. Consistent with this historical trend, we expect our average selling prices of our existing products to decline in the future. However, in the normal course of business, we seek to offset the effect of declining average selling price by introducing new and higher value products, expanding existing products for new applications and new customers and reducing the manufacturing cost of existing products. These strategies may cause the average selling price of our products to fluctuate significantly from time to time, thereby affecting our financial performance and profitability.

Product introductions and customers' product requirements: Our success depends on our ability to introduce products on a timely basis that meet or are compatible with our customers' specifications and performance requirements, including our Tier 1 customers who often have stringent requirements. Both factors, timeliness of product introductions and conformance to customers' requirements, are equally important in securing design wins with our customers. As we accelerate the development of new technology platforms, we expect to increase the pace at which we introduce new products and seek and acquire design wins. If we were to fail to introduce new products on a timely basis that meet customers' specifications and performance requirements, particularly those products with major OEM customers, and continue to expand our serviceable markets, then we would lose market share and our financial performance would be adversely affected.

Distributor ordering patterns, customer demand and seasonality: Our distributors place purchase orders with us based on their forecasts of end customer demand, and this demand may vary significantly depending on the sales outlook and market and economic conditions of end customers. Because these forecasts may not be accurate, channel inventory held at our distributors may fluctuate significantly, which in turn may prompt distributors to make significant adjustments to their purchase orders

placed with us. As a result, our revenue and operating results may fluctuate significantly from quarter to quarter. In addition, because our products are used in consumer electronics products, our revenue is subject to seasonality. Our sales seasonality is affected by numerous factors, including global and regional economic conditions as well as the PC market conditions, revenue generated from new products, changes in distributor ordering patterns in response to channel inventory adjustments and end customer demand for our products and fluctuations in consumer purchase patterns prior to major holiday seasons. Typically, we generate lower revenue during the first quarter of the calendar year as compared to other quarters. However, broad fluctuations in the semiconductor markets and the global and regional economic conditions, in particular the changing PC market conditions, have had a more significant impact on our results of operations than seasonality. Furthermore, our revenue may be impacted by the level of demand from our major customers due to factors outside of our control. If these major customers experience significant decline in the demand of their products, encounter difficulties or defects in their products, or otherwise fail to execute their sales and marketing strategies successfully, it may adversely affect our revenue and results of operations.

Principal line items of statements of operations

The following describes the principal line items set forth in our consolidated statements of operations:

Revenue

We generate revenue primarily from the sale of power semiconductors, consisting of power discretes and power ICs. Historically, a majority of our revenue has been derived from power discrete products. Because our products typically have three-year to five-year life cycles, the rate of new product introduction is an important driver of revenue growth over time. We believe that expanding the breadth of our product portfolio is important to our business prospects, because it provides us with an opportunity to increase our total bill-of-materials within an electronic system and to address the power requirements of additional electronic systems. In addition, a small percentage of our total revenue is generated by providing packaging and testing services to third parties through one of our in-house facilities.

Our product revenue is reported net of the effect of the estimated stock rotation returns and price adjustments that we expect to provide to our distributors. Stock rotation returns are governed by contract and are limited to a specified percentage of the monetary value of products purchased by the distributor during a specified period. At our discretion or upon our direct negotiations with the original design manufacturers or original equipment manufacturers, we may elect to grant special pricing that is below the prices at which we sold our products to the distributors. In certain situations, we will grant price adjustments to the distributors reflecting such special pricing. We estimate the price adjustments for inventory at the distributors based on factors such as distributor inventory levels, forecasted distributor selling prices, distributor margins and demand for our products.

In February 2023, we entered into a license agreement with a customer to license our proprietary SiC technology and provided 24-months of engineering and development services for a total fee of $45.0 million. The license and development fee required significant integration to create a combined output to the customer and was determined to be one performance obligation and was recognized over the 24 months during which we performed the engineering and development services. We use the input method to measure progress and recognize revenue, based on the effort expended relative to the estimated total effort to satisfy the performance obligation. During the fiscal years ended June 30, 2025, 2024 and 2023, we recorded $13.8 million, $21.2 million and $9.9 million of license and development revenue, respectively. As of June 30, 2025, all revenue has been recognized and all consideration has been received associated with the license agreement, therefore we no longer have any obligations under the license agreement. We also entered into an accompanying supply agreement to provide limited wafer supply to the customer.

Cost of goods sold

Our cost of goods sold primarily consists of costs associated with semiconductor wafers, packaging and testing, personnel, including share-based compensation expense, overhead attributable to manufacturing, operations and procurement, and costs associated with yield improvements, capacity utilization, warranty and valuation of inventories. As the volume of sales increases, we expect cost of goods sold to increase. While our utilization rates cannot be immune to the market conditions, our goal is to make them less vulnerable to market fluctuations. We believe our market diversification strategy and product growth will drive higher volume of manufacturing which will improve our factory utilization rates and gross margin in the long run.

Operating expenses

Our operating expenses consist of research and development, and selling, general and administrative expenses. We expect our operating expenses as a percentage of revenue to fluctuate from period to period as we continue to exercise cost control measures in response to the declining PC market as well as align our operating expenses to the revenue level.

Research and development expenses. Our research and development expenses consist primarily of salaries, bonuses, benefits, share-based compensation expense, expenses associated with new product prototypes, travel expenses, fees for engineering services provided by outside contractors and consultants, amortization of software and design tools, depreciation of equipment and overhead costs. We continue to invest in developing new technologies and products utilizing our own fabrication and packaging facilities as it is critical to our long-term success. We also evaluate appropriate investment levels and stay focused on new product introductions to improve our competitiveness. We expect that our research and development expenses will fluctuate from time to time.

Selling, general and administrative expenses. Our selling, general and administrative expenses consist primarily of salaries, bonuses, benefits, share-based compensation expense, product promotion costs, occupancy costs, travel expenses, expenses related to sales and marketing activities, amortization of software, depreciation of equipment, maintenance costs, other expenses for general and administrative functions, and costs for outside professional services, including legal, audit and accounting services, as well as impairment of long-lived assets. We review all long-lived assets whenever events or changes in circumstance indicate that these assets may not be recoverable. When evaluating long-lived assets, if we conclude that the estimated undiscounted cash flows attributable to the assets are less than their carrying value, we recognize an impairment loss based on the excess of the carrying amount of the assets over their respective fair values. We expect our selling, general and administrative expenses to fluctuate in the near future as we continue to exercise cost control measures.

Income tax expense

We are subject to income taxes in various jurisdictions. Significant judgment and estimates are required in determining our worldwide income tax expense. The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations of different jurisdictions globally. We establish accruals for potential liabilities and contingencies based on a more likely than not threshold to the recognition and de-recognition of uncertain tax positions. If the recognition threshold is met, the applicable accounting guidance permits us to recognize a tax benefit measured at the largest amount of tax benefit that is more likely than not to be realized upon settlement with a taxing authority. If the actual tax outcome of such exposures is different from the amounts that were initially recorded, the differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Changes in the location of taxable income (loss) could result in significant changes in our income tax expense.

We record a valuation allowance against deferred tax assets if it is more likely than not that a portion of the deferred tax assets will not be realized, based on historical profitability and our estimate of future taxable income in a particular jurisdiction. Our judgments regarding future taxable income may change due to changes in market conditions, changes in tax laws, tax planning strategies or other factors. If our assumptions and consequently our estimates change in the future, the deferred tax assets may increase or decrease, resulting in corresponding changes in income tax expense. Our effective tax rate is highly dependent upon the geographic distribution of our worldwide profits or losses, the tax laws and regulations in each geographical region where we have operations, the availability of tax credits and carry-forwards and the effectiveness of our tax planning strategies.

Bermuda Corporate Income Tax for Tax Years Beginning in 2025

The Company is subject to income tax expense or benefit based upon pre-tax income or loss reported in the consolidated statements of income (loss) and the provisions of currently enacted tax laws. The parent company is incorporated under the laws of Bermuda and is subject to Bermuda law with respect to taxation. Under current Bermuda law, the Company is not subject to any income or capital gains taxes in Bermuda. As we have previously disclosed, the Government of Bermuda announced in December 2023 that it enacted the Corporate Income Tax Act 2023, potentially imposing a 15% corporate income tax (CIT) on Bermuda companies that are within the scope of the CIT, that will be effective for tax years beginning on or after January 1, 2025. In particular, the CIT applies to multinational companies with annual revenue of 750 million euros or more in the consolidated financial statements of the ultimate parent entity for at least two of the four fiscal years immediately preceding the fiscal year when the CIT may apply.

The Company did not generate more than 750 million euro revenue in any of the four fiscal years before the tax year starting July 1, 2025. The Company continues to monitor and assess if and when it may be within the scope of the CIT. If we become subject to the Bermuda CIT, we may be subject to additional income taxes, which may adversely affect our financial position, results of operations and our overall business.

One Big Beautiful Bill Act, Enacted July 4, 2025

On July 4, 2025, H.R. 1, commonly known as the One Big Beautiful Bill Act (the "OBBB"), was signed into law. This includes significant changes to the federal corporate tax provisions and extends certain otherwise expiring provisions of the

2017 Tax Cuts and Jobs Act. The key provisions include allowing immediate expensing of domestic research and experimental expenditures, new limitations on interest expense deductibility, reinstatement of 100% bonus depreciation for qualified assets placed in service in the United States after January 19, 2025 as well as changes to the calculation of taxable income resulting from the foreign derived intangible income deduction. *ASC 740 Income Taxes* requires the effects of changes in tax rates and laws to be recognized in the period in which the relevant legislation is enacted. The OBBB was enacted after the June 30, 2025 year end. As of June 30, 2025, we are continuing to assess the potential impact of the OBBB.

Equity method investment loss

We use the equity method of accounting when we have the ability to exercise significant influence, but we do not have control, as determined in accordance with generally accepted accounting principles, over the operating and financial policies of the company. Effective December 2, 2021, we reduced our equity interest in the JV Company below 50% of outstanding equity ownership and experienced a loss of control of the JV Company. As a result, we record our investment under equity method of accounting. Since we are unable to obtain accurate financial information from the JV Company in a timely manner, we record our share of earnings or losses of the JV Company on a one quarter lag.

We record our interest in the net earnings of the equity method investee, along with adjustments for unrealized profits or losses on intra-entity transactions and amortization of basis differences, within earnings or loss from equity interests in the Consolidated Statements of Operations. Profits or losses related to intra-entity sales with the equity method investee are eliminated until realized by the investor or investee. Basis differences represent differences between the cost of the investment and the underlying equity in net assets of the investment and are generally amortized over the lives of the related assets that gave rise to them. Equity method goodwill is not amortized. Instead the total equity method investment balance, including equity method goodwill, is tested for impairment.

On December 30, 2024, the JV Company signed an investment agreement with an investor, pursuant to which the investor agreed to invest RMB 500 million (or $68.5 million based on the currency exchange rate between RMB and U.S. Dollar on December 31, 2024) in the JV Company in exchange for a 7.09% interest. This transaction closed on January 15, 2025, at which time, the percentage of outstanding JV Company's equity interest owned by the Company was reduced to approximately 39.2%. We recorded a gain of $0.5 million on the change of equity interest in the JV Company, which was included in the equity method investment loss line in the consolidated statements of operations. The funding of the investment was agreed to be made in three installments. The JV Company received the first installment of RMB 40 million (or $5.5 million) on December 31, 2024. However, the JV Company has not received the remaining two installments as of the filing date.

On July 14, 2025, we entered into an equity transfer agreement ("Agreement") with the investor to sell approximately 20.3% of outstanding equity interest in the JV Company for an aggregate cash consideration of $150 million. We identified the negotiations of the equity transfer agreement throughout the fourth quarter of fiscal year 2025 as an impairment indicator and performed a quantitative impairment test as of June 30, 2025. Based on the implied valuation of the JV Company per the transaction price in the equity transfer agreement, the fair value of the equity method investment was determined to be lower than its carrying value, and a $76.8 million other-than-temporary impairment of the equity method investment was recognized as of June 30, 2025. The impairment loss is recorded within equity method investment loss in the consolidated statement of operations for the fiscal year ended June 30, 2025.

Results of Operations

A discussion of our results of operations for the fiscal year ended June 30, 2025 to June 30, 2024 is included below. For a discussion and comparison of the results of our operations for the fiscal year ended June 30, 2024 with the fiscal year ended June 30, 2023, refer to "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in our Form 10-K for the fiscal year ended June 30, 2024 filed with the SEC on August 23, 2024.

Operating results

The following tables set forth our results of operations and as a percentage of revenue for the fiscal years ended June 30, 2025 and 2024. Our historical results of operations are not necessarily indicative of the results for any future period.

	Year Ended June 30,			
	2025	2024	2025	2024
	(in thousands)		(% of revenue)	
Revenue	$ 696,162	$ 657,274	100.0 %	100.0 %
Cost of goods sold (1)	535,158	485,356	76.9 %	73.8 %
Gross profit	161,004	171,918	23.1 %	26.2 %
Operating expenses:				
Research and development (1)	94,265	89,940	13.5 %	13.7 %
Selling, general and administrative (1)	95,175	85,734	13.7 %	13.0 %
Total operating expenses	189,440	175,674	27.2 %	26.7 %
Operating loss	(28,436)	(3,756)	(4.1)%	(0.5)%
Other loss, net	(1,004)	(73)	(0.1)%	— %
Interest income	4,283	5,168	0.6 %	0.8 %
Interest expenses	(2,639)	(3,982)	(0.4)%	(0.6)%
Net loss before income taxes and equity method investment loss	(27,796)	(2,643)	(4.0)%	(0.3)%
Income tax expense (benefit)	(8,625)	3,649	(1.2)%	0.6 %
Net loss before equity method investment loss	(19,171)	(6,292)	(2.8)%	(0.9)%
Equity method investment loss	(77,805)	(4,789)	(11.1)%	(0.7)%
Net loss	$ (96,976)	$ (11,081)	(13.9)%	(1.6)%

(1) Includes share-based compensation expense as follows:

	Year Ended June 30,			
	2025	2024	2025	2024
	(in thousands)		(% of revenue)	
Cost of goods sold	$ 4,224	$ 3,434	0.6 %	0.5 %
Research and development	8,123	5,210	1.2 %	0.8 %
Selling, general and administrative	17,222	12,997	2.5 %	2.0 %
	$ 29,569	$ 21,641	4.3 %	3.3 %

Revenue

The following is a summary of revenue by product type:

	Year Ended June 30,		Change	
	2025	2024	FY25 vs. FY24	
	(in thousands)		(in thousands)	(in percentage)
Power discrete	$ 449,507	$ 426,146	$ 23,361	5.5 %
Power IC	229,926	205,778	24,148	11.7 %
Packaging and testing services and other	2,888	4,119	(1,231)	(29.9)%
License and development services	13,841	21,231	(7,390)	(34.8)%
	$ 696,162	$ 657,274	$ 38,888	5.9 %

The following is a summary of revenue by end market:

	Year Ended June 30,		Change	
	2025	2024	FY25 vs. FY24	
	(in thousands)		(in thousands)	(in percentage)
Computing	$ 324,127	$ 282,411	$ 41,716	14.8 %
Consumer	102,309	106,364	(4,055)	(3.8)%
Communication	123,868	114,186	9,682	8.5 %
Power Supply and Industrial	129,129	128,963	166	0.1 %
Packaging and testing services and other	2,888	4,119	(1,231)	(29.9)%
License and development services	13,841	21,231	(7,390)	(34.8)%
	$ 696,162	$ 657,274	$ 38,888	5.9 %

Total revenue was $696.2 million for fiscal year 2025, an increase of $38.9 million, or 5.9%, as compared to $657.3 million for fiscal year 2024. The increase was primarily due to an increase of $23.4 million and $24.1 million in sales of power discrete products and power IC products, respectively, offset by a decrease of $1.2 million in sales of packaging and testing services and other, as well as a decrease of $7.4 million in license and development services. The increase in power discrete and power IC product sales was primarily due to a 17.1% increase in unit shipments, offset by an 8.0% decrease in average selling price as compared to last fiscal year due to a shift in product mix. The decrease in revenue from packaging and testing services and other for fiscal year 2025 as compared to the last fiscal year was primarily due to decreased demand. The decrease in license and development services for the fiscal year 2025 was related to the license agreement with a customer to license our proprietary SiC technology and provided 24-month engineering and development services, which was completed in February 2025.

Cost of goods sold and gross profit

	Year Ended June 30,		Change	
	2025	2024	FY25 vs. FY24	
	(in thousands)		(in thousands)	(in percentage)
Cost of goods sold	$ 535,158	$ 485,356	$ 49,802	10.3 %
Percentage of revenue	76.9 %	73.8 %		
Gross profit	$ 161,004	$ 171,918	$ (10,914)	(6.3)%
Percentage of revenue	23.1 %	26.2 %		

Cost of goods sold was $535.2 million for fiscal year 2025, an increase of $49.8 million, or 10.3%, as compared to $485.4 million for fiscal year 2024. The increase was primarily due to 5.9% increase in revenue. Gross margin decreased by 3.1 percentage points to 23.1% for fiscal year 2025, as compared to 26.2% for fiscal year 2024. The decrease in gross margin was primarily due to average selling pricing erosion, higher material costs and less favorable product mix during fiscal year ended June 30, 2025. We expect our gross margin to continue to fluctuate in the future as a result of variations in our product mix, semiconductor wafer and raw material pricing, manufacturing labor cost and general economic and PC market conditions.

Research and development expenses

	Year Ended June 30,		Change	
	2025	2024	FY25 vs. FY24	
	(in thousands)		(in thousands)	(in percentage)
Research and development	$ 94,265	$ 89,940	$ 4,325	4.8 %

Research and development expenses were $94.3 million for fiscal year 2025, an increase of $4.3 million, or 4.8%, as compared to $89.9 million for fiscal year 2024. The increase was primarily attributable to a $2.9 million increase in share-based compensation as a result of a modification of market-based restricted stock units in August 2024, a $0.9 million increase in employee compensation and benefit expense mainly due to increased headcount, higher medical insurance expenses and higher severance expenses, a $0.3 million increase in product prototyping engineering expense as a result of increased engineering activities, as well as a $0.1 million increase in office rent expenses. We continue to evaluate and invest resources in developing new technologies and products utilizing our own fabrication and packaging facilities. We believe the investment in research and development is important to meet our strategic objectives.

Selling, general and administrative expenses

	Year Ended June 30,		Change	
	2025	2024	FY25 vs. FY24	
	(in thousands)		(in thousands)	(in percentage)
Selling, general and administrative	$ 95,175	$ 85,734	$ 9,441	11.0 %

Selling, general and administrative expenses were $95.2 million for fiscal year 2025, an increase of $9.4 million, or 11.0%, as compared to $85.7 million for fiscal year 2024. The increase was primarily attributable to a one-time settlement fee of $4.3 million for the export control investigation case, a $4.2 million increase in share-based compensation expense as a result of a modification of market-based restricted stock units in August 2024, and a $2.4 million increase in employee compensation and benefits expenses mainly due to merit-based compensation increases for certain personnel, higher insurance expenses and higher severance expenses, offset by a $0.8 million decrease in audit fees, a $0.7 million decrease in consulting fees, a $0.5 million decrease in marketing related expenses, and a $0.6 million decrease in allocation expenses. In addition, during the fiscal year ended June 30, 2025, we identified certain purchased manufacturing equipment that we were unable to meet our production process requirements. Because the equipment had no alternative uses, we recorded an impairment of $1.0 million related to such equipment.

Other loss, net

	Year Ended June 30,		Change	
	2025	2024	FY25 vs. FY24	
	(in thousands)		(in thousands)	(in percentage)
Other loss, net	$ (1,004)	$ (73)	$ (931)	1,275.3 %

Other loss, net increased by $0.9 million in fiscal year 2025 as compared to the last fiscal year primarily due to increase in foreign currency exchange loss as a result of the appreciation of RMB and Taiwan dollar against the U.S. dollar.

Interest income

	Year Ended June 30,		Change	
	2025	2024	FY25 vs. FY24	
	(in thousands)		(in thousands)	(in percentage)
Interest income	$ 4,283	$ 5,168	$ (885)	(17.1)%

Interest income decreased by $0.9 million in fiscal year 2025 as compared to fiscal year 2024 primarily due to a result of lower interest rate and lower cash balance during fiscal year 2025.

Interest expenses

	Year Ended June 30,		Change	
	2025	2024	FY25 vs. FY24	
	(in thousands)		(in thousands)	(in percentage)
Interest expenses	$ (2,639)	$ (3,982)	$ 1,343	(33.7)%

Interest expenses decreased by $1.3 million in fiscal year 2025 as compared to fiscal year 2024 primarily due to less outstanding loan balance during fiscal year 2025.

Equity method investment loss

	Year Ended June 30,		Change	
	2025	2024	FY25 vs. FY24	
	(in thousands)		(in thousands)	(in percentage)
Equity method investment loss	$ (77,805)	$ (4,789)	$ (73,016)	1,524.7 %

On December 30, 2024, the JV Company signed an investment agreement with an investor, pursuant to which the investor agreed to invest RMB 500 million (or $68.5 million based on currency exchange rate between RMB and U.S. dollar on December 31, 2024) in the JV Company. This transaction closed on January 15, 2025, at which time, the percentage of outstanding JV Company's equity interest owned by the Company was reduced to approximately 39.2%. As such, we recorded a gain of $0.5 million on the change of equity interest in the JV Company during fiscal year ended June 30, 2025.

On July 14, 2025, we entered into an equity transfer agreement with the investor to sell approximately 20.3% of outstanding equity interest in the JV Company for an aggregate cash consideration of $150 million. We identified the negotiations of the equity transfer agreement throughout the fourth quarter of fiscal year 2025 as an impairment indicator and performed a quantitative impairment test as of June 30, 2025. Based on the implied valuation of the JV Company per the transaction price in the equity transfer agreement, the fair value of the equity method investment was determined to be lower than its carrying value, and a $76.8 million other-than-temporary impairment of the equity method investment was recognized as of June 30, 2025.

Income tax expense

	Year Ended June 30,		Change	
	2025	2024	FY25 vs. FY24	
	(in thousands)		(in thousands)	(in percentage)
Income tax expense (benefit)	$ (8,625)	$ 3,649	$ (12,274)	(336.4)%

Income tax expense (benefit) for fiscal years 2025 and 2024 was $(8.6) million and $3.6 million, respectively. Income tax expense decreased by $12.3 million in fiscal year 2025 as compared to fiscal year 2024. The decrease was primarily related to the tax benefits reported in connection with the Company's investment in the JV Company. In fiscal year 2025, the Company reported a $77.8 million equity method investment loss, generating a $12.5 million tax benefit in fiscal year 2025 as compared to a $4.8 million equity method investment loss in fiscal year 2024 that generated a $0.7 million tax benefit in fiscal year 2024. Excluding the $12.5 million tax benefit related to the $77.8 million of equity method loss in fiscal 2025, the fiscal 2025 tax

would be $3.9 million of income tax expense. The remaining difference in tax expense between fiscal years 2025 and 2024 was primarily due to changes in various book-tax permanent differences, discrete tax adjustments between the two years, and changes in the mix of earnings in various geographic jurisdictions between the current year and the same period of last year.

The income tax benefit of $8.6 million for the year ended June 30, 2025 also included a $0.2 million discrete tax benefit and the income tax expense of $3.6 million for the year ended June 30, 2024 included a $0.2 million discrete tax expense. Excluding the discrete income tax items, the effective tax rate for the years ended June 30, 2025 and 2024 was 30.4% and (130.6%), respectively.

Liquidity and Capital Resources

Our principal need for liquidity and capital resources is to maintain sufficient working capital to support our operations and to invest adequate capital expenditures to grow our business. To date, we finance our operations and capital expenditures primarily through funds generated from operations and borrowings under our term loans, financing lease and other debt agreements.

In September 2021, Jireh Semiconductor Incorporated (“Jireh”), one of the Company’s wholly-owned subsidiaries, entered into a financing arrangement agreement with a company (“Lender”) for the lease and purchase of a machinery equipment manufactured by a supplier. This agreement has a 5 years term, after which Jireh has the option to purchase the equipment for $1. The implied interest rate was 4.75% per annum, which was adjustable based on every five basis point increase in 60-month U.S. Treasury Notes, until the final installation and acceptance of the equipment. The total purchase price of this equipment was Euro 12.0 million. In April 2021, Jireh made a down payment of Euro 6.0 million, representing 50% of the total purchase price of the equipment, to the supplier. In June 2022, the equipment was delivered to Jireh after Lender paid 40% of the total purchase price, for Euro 4.8 million, to the supplier on behalf of Jireh. In September 2022, Lender paid the remaining 10% payment for the total purchase price and reimbursed Jireh for the 50% down payment, after the installation and configuration of the equipment. The title of the equipment was transferred to Lender following such payment. The agreement was amended with fixed implied interest rate of 7.51% and monthly payment of principal and interest effective in October 2022. Other terms remain the same. In addition, Jireh purchased hardware for the machine under this financing arrangement. The purchase price of this hardware was $0.2 million. The financing arrangement is secured by this equipment and other equipment which had a carrying amount of $12.1 million as of June 30, 2025. As of June 30, 2025, the outstanding balance of this debt financing was $6.5 million.

On August 18, 2021, Jireh entered into a term loan agreement with a financial institution (the “Bank”) in an amount up to $45.0 million for the purpose of expanding and upgrading the Company’s fabrication facility located in Oregon. The obligation under the loan agreement is secured by substantially all assets of Jireh and guaranteed by the Company. The agreement has a term of 5.5 years and matures on February 16, 2027. Jireh is required to make consecutive quarterly payments of principal and interest. The loan accrues interest based on the SOFR plus the applicable margin based on the outstanding balance of the loan. This agreement contains customary restrictive covenants and includes certain financial covenants that the Company is required to maintain. Jireh drew down $45.0 million on February 16, 2022 with the first payment of principal beginning in October 2022. As of June 30, 2025, Jireh was in compliance with these covenants and the outstanding balance of this loan was $20.3 million. In August 2025, the Company paid the outstanding balance in full.

On August 9, 2019, one of the Company’s wholly-owned subsidiaries (the “Borrower”) entered into a factoring agreement with the Hongkong and Shanghai Banking Corporation Limited (“HSBC”), whereby the Borrower assigns certain of its accounts receivable with recourse. This factoring agreement allows the Borrower to borrow up to 70% of the net amount of its eligible accounts receivable with a maximum amount of $30.0 million. The interest rate is based on the Secured Overnight Financing Rate (“SOFR”), plus 2.01% per annum. The Company is the guarantor for this agreement. The Company is accounting for this transaction as a secured borrowing under the Transfers and Servicing of Financial Assets guidance. In addition, any cash held in the restricted bank account controlled by HSBC has a legal right of offset against the borrowing. This agreement, with certain financial covenants required, has no expiration date. On August 11, 2021, the Borrower signed an agreement with HSBC to decrease the borrowing maximum amount to $8.0 million with certain financial covenants required. Other terms remain the same. As of June 30, 2025, there was no outstanding balance for this loan.

The Chinese government imposes certain currency exchange controls on cash transfers out of China. Regulations in China permit foreign owned entities to freely convert the RMB into foreign currency for transactions that fall under the “current account,” which includes trade related receipts and payments, interests, and dividend payments. Accordingly, subject to the review and verification of the underlying transaction documents and supporting documents by the account banks in China, our Chinese subsidiaries may use RMB to purchase foreign exchange currency for settlement of such “current account” transactions without the pre-approval from SAFE or its provincial branch. Pursuant to applicable regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. A Chinese company must pay 10% of its annual after-tax profits to fund its statutory reserve fund unless it has reached 50% of the registered capital of the company. Where the accumulative amount of the company’s statutory reserve is not enough to make up for the losses of the previous year, the current year’s profits must first be used to make up for the losses before the statutory reserve is accrued. While SAFE approval is not statutorily required for eligible dividend payments to the foreign parent, in practice, before making the dividend payment, the account bank may seek SAFE’s opinion with respect to a dividend payment if the payment involves a relatively large amount, which may delay the dividend payment depending on the then overall status of cross-border payments and receipts of China.

Transactions that involve conversion of RMB into foreign currency in relation to foreign direct investments and provision of debt financings in China are classified as “capital account” transactions. Examples of “capital account” transactions include repatriations of investments by foreign owners and repayments of loan principal to foreign lenders. "Capital account"

transactions require prior approval from SAFE or its provincial branch or an account bank delegated by SAFE to convert a remittance into a foreign currency, such as U.S. dollars, and transmit the foreign currency outside of China. As a result of this and other restrictions under PRC laws and regulations, our China subsidiaries are restricted in their ability to transfer a portion of their net assets to us, and such restriction may adversely affect our ability to generate sufficient liquidity to fund our operations or other expenditures. As of June 30, 2025 and 2024, such restricted portion amounted to approximately $93.9 million and $93.5 million, or 11.4% and 10.5%, of our total consolidated net assets attributable to the Company, respectively.

As disclosed above, in July 2025, we entered into an equity transfer agreement with a third-party strategic investor to sell approximately 20.3% of outstanding equity interest in the JV Company for an aggregate cash consideration of $150 million to be paid in four installments, provided that certain conditions are satisfied. We expect to receive all four payments by the end of calendar year 2025, and the majority of the consideration, approximately $94 million, is expected to be paid in the first installment, which we anticipate to receive during the quarter ending September 30, 2025. We plan to use the cash proceeds from the sale to invest in technology, R&D projects and acquisition of assets complimentary to our business operations. See also *"Risk Factors—Our recent sale of equity interest in the JV Company is subject to certain closing conditions, and if the conditions are not met, we may not receive a portion or any of the cash proceeds from the sale".*

We believe that our current cash and cash equivalents and cash flows from operations will be sufficient to meet our anticipated cash needs, including working capital and capital expenditures, for at least the next twelve months. In the long-term, we may require additional capital due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our cash is insufficient to meet our needs, we may seek to raise capital through equity or debt financing. The sale of additional equity securities could result in dilution to our shareholders. The incurrence of indebtedness would result in increased debt obligations and may include operating and financial covenants that would restrict our operations. We cannot be certain that any financing will be available in the amounts we need or on terms acceptable to us, if at all.

Cash, cash equivalents and restricted cash

As of June 30, 2025 and 2024, we had $153.5 million and $175.5 million of cash, cash equivalents and restricted cash, respectively. Our cash, cash equivalents and restricted cash primarily consisted of cash on hand, restricted cash and short-term bank deposits with original maturities of three months or less. Of the $153.5 million and $175.5 million cash and cash equivalents, $40.7 million and $55.0 million, respectively, were deposited with financial institutions outside the United States.

The following table shows our cash flows from operating, investing and financing activities for the periods indicated:

	Year Ended June 30,	
	2025	**2024**
	(in thousands)	
Net cash provided by operating activities	$ 29,668	$ 25,710
Net cash used in investing activities	(36,441)	(35,744)
Net cash used in financing activities	(15,496)	(9,903)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	227	(126)
Net decrease in cash, cash equivalents and restricted cash	$ (22,042)	$ (20,063)

Cash flows from operating activities

For the fiscal year ended June 30, 2025, the $4.0 million increase in cash provided by operating activities compared to the fiscal year ended June 30, 2024 was primarily due to an increase of net loss of $85.9 million and an increase of non-cash expenses of $78.3 million, a decrease of $18.6 million in inventory purchases, an increase of accounts payable of $15.7 million primarily due to timing of payment, an increase of $6.9 million in accrued and other liabilities, an increase of $2.9 million in deferred revenue, an increase of $1.6 million in income tax payable, offset by an increase of $32.1 million in accounts receivable due to timing of billings and collection of payments, and an increase of $2.4 million in other current and long term assets due to increase in advance payments to suppliers.

Cash flows from investing activities

For the fiscal year ended June 30, 2025, the $0.7 million increase in cash used in investing activities compared to the fiscal year ended June 30, 2024 was primarily due to a $0.1 million increase in purchases of property and equipment, a $0.3

million decrease in the proceeds of sales of property and equipment, as well as a $0.3 million decrease in government grants related to equipment.

Cash flows from financing activities

For the fiscal year ended June 30, 2025, the $5.6 million increase in cash used in financing activities compared to the fiscal year 2024 was primarily due to $2.3 million decrease in proceeds from exercise of stock options and the Employee Share Purchase Plan (“ESPP”), and $3.0 million increase in withholding tax paid on behalf of employees for net share settlement.

Commitments

See Note 15 of the Notes to the consolidated financial statements contained in this Annual Report on Form 10-K for a description of commitments.

Critical Accounting Estimates

General

Our accounting policies are more fully described in Note 1 of the Notes to the consolidated financial statements contained in this Annual Report on Form 10-K. As disclosed in Note 1, the preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Management believes it is unlikely that applying other estimates and assumptions would have a material impact on the financial statements. We consider the following accounting policies to be those that are most important to the portrayal of our financial condition and that require a higher degree of judgment.

Revenue recognition

We determine revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, a performance obligation is satisfied. We recognize product revenue at a point in time when product is shipped to the customer, as determined by the agreed upon shipping terms, net of estimated stock rotation returns and price adjustments that we expect to provide to certain distributors. We present revenue net of sales taxes and any similar assessments. Our standard payment terms range from 30 to 60 days.

We sell our products primarily to distributors, who in turn sell the products globally to various end customers. Sales to most distributors are made under terms allowing certain price adjustments of the Company’s products held in their inventory or upon sale to their end customers. Revenue from sales to distributors is recognized upon the transfer of control to the distributor. In the ordinary course of business, our distributors may need to sell our products to end customers at prices below the standard distribution price in order to remain competitive and secure sales. After the distributors sell the Company’s products to their end customers, the distributors submit a “ship-and-debit” price adjustment claim to the Company to adjust the distributor’s cost from the standard price to the pre-approved lower price. After the Company verifies that the claim was pre-approved, a credit memo is issued to the distributors for the ship-and-debit claim. In determining the transaction price, the Company considers ship-and-debit price adjustments to be variable consideration. The Company estimates the variable consideration of the allowance for price adjustments at the time revenue is recognized. Estimating the allowance for price adjustments requires management to make certain assumptions including distributor inventory levels, forecasted distributor selling prices, distributor margins and future demand for products. These assumptions could be affected by current and future economic and market conditions. We also allow stock rotation returns from certain distributors. Stock rotation returns are governed by contract and are limited to a specified percentage of the monetary value of products purchased by distributors during a specified period. We record an allowance for stock rotation returns based on historical returns, expected sales volumes and individual distributor agreements. Allowance for price adjustments is recorded against accounts receivable and the provision for stock rotation rights is included in accrued liabilities on the consolidated balance sheets.

Valuation of inventories

We evaluate our inventory for salability, obsolescence and other available applicable information. When evaluating the adequacy of our provision for excess and obsolete inventory, we identify excess and obsolete products and also analyze historical usage, forecasted demand, and current economic trends. Demand for our products can fluctuate significantly from period to period. A significant decrease in demand could result in an increase in the amount of excess inventory on hand. In addition, our industry is characterized by frequent new product development and technological changes that could result in an increase in the amount of obsolete inventory quantities on hand. Also our estimates of forecasted demand and judgement to determine excess inventory may prove to be inaccurate, in which case we may have understated or overstated the reduction to the total carrying value of our inventory for excess and obsolete inventory. If actual economic trends are less favorable than those forecasted, additional future inventory write-downs may be required, which could adversely affect our operating results. Inventory adjustments, once established, are not reversed until the related inventory has been sold or scrapped. If actual economic trends are more favorable than expected and the products that have previously been written down are sold, our gross margin would be favorably impacted.

Recently Issued Accounting Pronouncements

See Note 1 of the Notes to the consolidated financial statements contained in this Annual Report on Form 10-K for a full description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on results of operations and financial condition.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign currency risk

We and our principal subsidiaries use U.S. dollars as our functional currency because most of the transactions are conducted and settled in U.S. dollars. All of our revenue and a significant portion of our operating expenses are denominated in U.S. dollars. The functional currency for our in-house packaging and testing facilities in China is U.S. dollars and a significant portion of our capital expenditures are denominated in U.S. dollars. However, foreign currencies are required to fund our overseas operations, primarily in Taiwan and China. Operating expenses of overseas operations are denominated in their respective local currencies. In order to minimize exposure to foreign currencies, we maintained cash and cash equivalent balances in foreign currencies, including Chinese Yuan as operating funds for our foreign operating expenses. For our subsidiaries which use the local currency as the functional currency, the results and financial position are translated into U.S. dollars using exchange rates at balance sheet dates for assets and liabilities and using average exchange rates for income and expenses items. The resulting translation differences are presented as a separate component of accumulated other comprehensive income (loss) in the consolidated statements of equity. Our management believes that our exposure to foreign currency translation risk is not significant based on a 10% sensitivity analysis in foreign currencies due to the fact that the net assets denominated in foreign currencies pertaining to foreign operations, principally in Taiwan and China, are not significant to our consolidated net assets.

Interest rate risk

Our interest-bearing assets comprise mainly interest-bearing short-term bank balances. We manage our interest rate risk by placing such balances in instruments with various short-term maturities. Borrowings expose us to interest rate risk. Borrowings are drawn down after due consideration of market conditions and expectation of future interest rate movements. As of June 30, 2025, we had $26.7 million outstanding under our loan and $2.3 million outstanding under our financing leases, which were subject to fluctuations in interest rates. For the year ended June 30, 2025, a hypothetical 10% increase in the interest rate could result in $0.1 million additional annual interest expense. The hypothetical assumptions made above will be different from what actually occurs in the future. Furthermore, the computations do not anticipate actions that may be taken by our management should the hypothetical market changes actually occur over time. As a result, actual impacts on our results of operations in the future will differ from those quantified above.

Commodity Price Risk

We are subject to risk from fluctuating market prices of certain commodity raw materials, particularly gold and silver, that are used in our manufacturing process and incorporated into our end products. Supplies for such commodities may from time-to-time become restricted, or general market factors and conditions may affect the pricing of such commodities. Over the past few years, the price of gold increased significantly and certain of our supply chain partners assess surcharges to compensate for the rising commodity prices. We have been converting some of our products to use copper wires instead of gold wires. Our results of operations may be materially and adversely affected if we have difficulty obtaining these raw materials, the quality of available raw materials deteriorates, or there are significant price changes for these raw materials. For periods in which the prices of these raw materials are rising, we may be unable to pass on the increased cost to our customers which would result in decreased margins for the products in which they are used and could have a material adverse effect on our net earnings. We also may need to record losses for adverse purchase commitments for these materials in periods of declining prices. We do not enter into formal hedging arrangements to mitigate against commodity risk. We estimate that a 10% increase or decrease in the costs of raw materials subject to commodity price risk, such as gold and silver, would decrease or increase our current year's net earnings by $1.0 million, assuming that such changes in our costs have no impact on the selling prices of our products and that we have no pending commitments to purchase metals at fixed prices.

Item 8. Financial Statements and Supplementary Data

See Part IV, Item 15 “Exhibits and Financial Statement Schedules” for our consolidated financial statements and the notes and schedules thereto filed as part of this Annual Report.

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 Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2025, the end of the period covered by this Annual Report on Form 10-K. Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to a company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based upon that evaluation as of the end of the period covered in this Annual Report on Form 10-K, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2025.

Management’s Annual Report on Internal Control over Financial Reporting

Our management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our 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 to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are 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 our financial statements.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), as amended from time to time. Based on the assessment, our management concluded that the Company's internal control over financial reporting was effective as of June 30, 2025.

The effectiveness of the Company’s internal control over financial reporting as of June 30, 2025 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report included in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

As required by Rule 13a-15(d) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated our internal control over financial reporting to determine whether any changes occurred during the fourth fiscal quarter covered by this Form 10-K that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there were no changes during the fourth fiscal quarter ended June 30, 2025.

Inherent Limitations on the Effectiveness of Controls

While our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance that their respective objectives will be met, we do not expect that our disclosure controls and procedures or our internal control over financial reporting are or will be capable of preventing or detecting all errors and all fraud. Any

control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Alpha and Omega Semiconductor Limited:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Alpha and Omega Semiconductor Limited and subsidiaries (the "Company") as of June 30, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 30, 2025, of the Company and our report dated August 28, 2025, expressed an unqualified opinion on those financial statements.

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 Annual 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/ Deloitte & Touche LLP

San Jose, California
August 28, 2025

Item 9B. Other Information

None

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K because we intend to file our definitive proxy statement for our next annual general meeting of shareholders, pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the "2025 Proxy Statement"), no later than 120 days after the end of fiscal year 2025, and certain information to be included in the 2025 Proxy Statement is incorporated herein by reference.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item concerning our directors, executive officers, Section 16 compliance and corporate governance matters is contained in part under the caption "Business - Executive Officers" in Part I of this report, and the remainder is incorporated by reference to the information set forth in the sections titled "Election of Directors" and "Delinquent Section 16(a) Reports" in the 2025 Proxy Statement.

Item 11. Executive Compensation

The information required by this item regarding executive compensation is incorporated by reference from the information set forth under the captions "Compensation of Non-Employee Directors" and "Executive Compensation," in the 2025 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item regarding security ownership of certain beneficial owners and management is incorporated by reference to the information set forth in the section titled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in the 2025 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item regarding related party transactions and director independence is incorporated by reference from the information set forth under the captions "Board of Directors and Committees of the Board" and "Related Party Transactions" in the 2025 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this item regarding principal accountant fees and services is incorporated by reference from the information set forth under the caption "Principal Accounting Fees and Services" in the 2025 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this annual report:

(1) Consolidated Financial Statements. The index to the consolidated financial statements is below.

Item	Page
Report of Independent Registered Public Accounting Firm (Deloitte & Touche LLP - PCAOB Firm ID No. 34)	63
Report of Independent Registered Public Accounting Firm (Baker Tilly US, LLP - PCAOB Firm ID No. 23)	65
Consolidated Balance Sheets	66
Consolidated Statements of Operations	67
Consolidated Statements of Comprehensive Income (Loss)	68
Consolidated Statements of Equity	69
Consolidated Statements of Cash Flows	70
Notes to the Consolidated Financial Statements	72

(2) Financial Statement Schedule.

Schedule II - Valuation and Qualifying accounts	103

(b) Exhibits

The exhibits listed on the accompanying Index to Exhibits in Item 15(b) below are filed as part of, or hereby incorporated by reference into, this Annual Report on Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Alpha and Omega Semiconductor Limited:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Alpha and Omega Semiconductor Limited and subsidiaries (the "Company") as of June 30, 2025, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows, for the year ended June 30, 2025, and the related notes and the schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2025, and the results of its operations and its cash flows for the year ended June 30, 2025, in conformity with the accounting principles generally accepted in the United States of America.

We have also 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 June 30, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 28, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

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 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 the 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 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 audit 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 audit provides 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 critical audit matters does not alter in any way our opinion on the 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.

Inventories — Excess and Obsolete Inventory Reserve — Refer to Note 1 to the financial statements

Critical Audit Matter Description

The Company evaluates the adequacy of the excess and obsolete inventory reserve based upon a review of inventory quantities on hand compared to forecasted demand. Management’s estimates of forecasted demand are based upon analysis and assumptions including, but not limited to, historical usage, sales forecasts, customer backlog, and projected and current economic trends.

We identified the excess and obsolete inventory reserve as a critical audit matter due to the significant assumptions management makes with regards to estimating the forecasted demand. This required a high degree of auditor judgement and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's estimates of forecasted demand.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management’s estimates of forecasted demand used in the excess and obsolete inventory reserve included the following, among others:

- We tested the effectiveness of internal controls over management’s review of the excess and obsolete inventory reserve, including internal controls designed to review and approve forecasted demand and the underlying assumptions regarding historical usage, sales forecasts, customer backlog, and projected and current economic trends.
- We evaluated management’s ability to accurately estimate forecasted demand by selecting a sample of inventory products as of June 30, 2024, and comparing usage in the current year to forecasted demand estimates made in the prior year.
- We selected a sample of inventory products as of June 30, 2025, and tested the forecasted demand by comparing internal and external information (e.g. historical usage, customer backlog, communications with customers, expected product lifecycles, economic trends, and inquiries with sales personnel, as applicable) with the Company’s forecasted demand.
- We considered, when relevant, the existence of contradictory evidence based on reading of internal communications to management and the board of directors, Company press releases, and analyst reports, as well as our observations and inquiries as to changes within the business and obtained through other areas of the audit.

/s/ Deloitte & Touche LLP

San Jose, California
August 28, 2025

We have served as the Company's auditor since 2024.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Alpha and Omega Semiconductor Limited:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Alpha and Omega Semiconductor Limited (the "Company") as of June 30, 2024, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows, for each of the two years in the period ended June 30, 2024, and the related notes and schedule (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 as of June 30, 2024, and the results of its operations and its cash flows for each of the two years in the period ended June 30, 2024, 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 audits. 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 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 consolidated 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 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 audits 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 audits provide a reasonable basis for our opinion.

/s/ Baker Tilly US, LLP

We served as the Company's auditor from 2022 to 2024.

Santa Clara, California
August 23, 2024 (August 28, 2025, as to the effects of the adoption of ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, described in Note 13)*

ALPHA AND OMEGA SEMICONDUCTOR LIMITED
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value per share)

	June 30,	
	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 153,079	$ 175,127
Restricted cash	419	413
Accounts receivable, net	34,772	12,546
Inventories	189,677	195,750
Other current assets	18,215	14,165
Total current assets	396,162	398,001
Property, plant and equipment, net	314,097	336,619
Operating lease right-of-use assets, net	21,288	25,050
Intangible assets, net	269	3,516
Equity method investment	279,122	356,039
Deferred income tax assets	599	549
Other long-term assets	22,766	25,239
Total assets	$ 1,034,303	$ 1,145,013
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 60,044	$ 45,084
Accrued liabilities	59,027	72,371
Payable related to equity investee, net	15,809	13,682
Income taxes payable	1,790	2,798
Short-term debt	11,852	11,635
Deferred revenue	—	2,591
Finance lease liabilities	1,007	935
Operating lease liabilities	4,978	5,137
Total current liabilities	154,507	154,233
Long-term debt	14,872	26,724
Income taxes payable - long-term	4,201	3,591
Deferred income tax liabilities	13,192	26,416
Finance lease liabilities - long-term	1,274	2,282
Operating lease liabilities - long-term	16,925	20,499
Other long-term liabilities	7,000	19,661
Total liabilities	211,971	253,406
Commitments and contingencies (Note 15)		
Equity:		
Preferred shares, par value $0.002 per share:		
Authorized: 10,000 shares; issued and outstanding: none at June 30, 2025 and 2024	—	—
Common shares, par value $0.002 per share:		
Authorized: 100,000 shares; issued and outstanding: 37,127 shares and 30,009 shares, respectively at June 30, 2025 and 36,107 shares and 28,969 shares, respectively at June 30, 2024	74	72
Treasury shares at cost; 7,118 shares at June 30, 2025 and 7,138 shares at June 30, 2024	(79,058)	(79,213)
Additional paid-in capital	379,779	353,109
Accumulated other comprehensive loss	(12,390)	(13,419)
Retained earnings	533,927	631,058
Total shareholders' equity	822,332	891,607
Total liabilities and shareholders' equity	$ 1,034,303	$ 1,145,013

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

ALPHA AND OMEGA SEMICONDUCTOR LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended June 30,		
	2025	**2024**	**2023**
Revenue	$ 696,162	$ 657,274	$ 691,321
Cost of goods sold [1]	535,158	485,356	491,785
Gross profit	161,004	171,918	199,536
Operating expenses:			
Research and development	94,265	89,940	88,146
Selling, general and administrative	95,175	85,734	88,861
Total operating expenses	189,440	175,674	177,007
Operating income (loss)	(28,436)	(3,756)	22,529
Other loss, net	(1,004)	(73)	(1,730)
Interest income	4,283	5,168	3,775
Interest expenses	(2,639)	(3,982)	(4,862)
Net income (loss) before income taxes and equity method investment loss	(27,796)	(2,643)	19,712
Income tax expense (benefit)	(8,625)	3,649	5,937
Net income (loss) before equity method investment loss	(19,171)	(6,292)	13,775
Equity method investment loss	(77,805)	(4,789)	(1,411)
Net income (loss)	$ (96,976)	$ (11,081)	$ 12,364
Net income (loss) per common share			
Basic	$ (3.30)	$ (0.39)	$ 0.45
Diluted	$ (3.30)	$ (0.39)	$ 0.42
Weighted average number of common share used to compute net income (loss) per share:			
Basic	29,405	28,236	27,552
Diluted	29,405	28,236	29,528

(1) - Amounts include related party transactions. Refer to footnote 3, Related Party Transactions.

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

ALPHA AND OMEGA SEMICONDUCTOR LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Year ended June 30,		
	2025	2024	2023
Net income (loss)	$ (96,976)	$ (11,081)	$ 12,364
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustment, net of $(43), $876 and $1,566 tax in each of the fiscal year ended June 30, 2025, 2024 and 2023, respectively.	1,029	(5,308)	(9,191)
Comprehensive income (loss)	$ (95,947)	$ (16,389)	$ 3,173

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

ALPHA AND OMEGA SEMICONDUCTOR LIMITED
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands)

	Preferred Shares		Common Shares		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, June 30, 2022	—	$ —	33,988	$ 68	(6,617)	$ (66,000)	$ 288,951	$ 1,080	$ 629,994	$ 854,093
Exercise of common stock options and release of RSUs	—	—	715	1	—	—	550	—	—	551
Reissuance of treasury stock upon exercise of common stock options and release of RSUs	—	—	—	—	8	67	—	—	(67)	0
Withholding tax on restricted stock units	—	—	(242)	—	—	—	(6,381)	—	—	(6,381)
Issuance of shares under Employee Stock Purchase Plan	—	—	350	1	—	—	8,426	—	—	8,427
Repurchase of common shares under share repurchase program			—	—	(548)	(13,432)	—	—	—	(13,432)
Share-based compensation expense	—	—	—	—	—	—	37,488	—	—	37,488
Net income	—	—	—	—	—	—	—	—	12,364	12,364
Foreign currency translation adjustment	—	—	—	—	—	—	—	(9,191)	—	(9,191)
Balance, June 30, 2023	—	—	34,811	70	(7,157)	(79,365)	329,034	(8,111)	642,291	883,919
Exercise of common stock options and release of RSUs	—	—	1,210	2	—	—	2,311	—	—	2,313
Reissuance of treasury stock upon exercise of common stock options and release of RSUs	—	—	—	—	19	152	—	—	(152)	0
Withholding tax on restricted stock units	—	—	(320)	—	—	—	(7,678)	—	—	(7,678)
Issuance of shares under Employee Stock Purchase Plan	—	—	406	—	—	—	7,801	—	—	7,801
Share-based compensation expense	—	—	—	—	—	—	21,641	—	—	21,641
Net loss	—	—	—	—	—	—	—	—	(11,081)	(11,081)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(5,308)	—	(5,308)
Balance, June 30, 2024	—	—	36,107	72	(7,138)	(79,213)	353,109	(13,419)	631,058	891,607
Exercise of common stock options and release of RSUs	—	—	968	1	—	—	90	—	—	91
Reissuance of treasury stock upon exercise of common stock options and release of RSUs	—	—	—	—	20	155	—	—	(155)	0
Withholding tax on restricted stock units	—	—	(348)	—	—	—	(10,698)	—	—	(10,698)
Issuance of shares under Employee Stock Purchase Plan	—	—	400	1	—	—	7,709	—	—	7,710
Share-based compensation expense	—	—	—	—	—	—	29,569	—	—	29,569
Net loss	—	—	—	—	—	—	—	—	(96,976)	(96,976)
Foreign currency translation adjustment	—	—	—	—	—	—	—	1,029	—	1,029
Balance, June 30, 2025	—	$ —	37,127	$ 74	(7,118)	$ (79,058)	$ 379,779	$ (12,390)	$ 533,927	$ 822,332

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

ALPHA AND OMEGA SEMICONDUCTOR LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended June 30,		
	2025	**2024**	**2023**
Cash flows from operating activities			
Net income (loss)	$ (96,976)	$ (11,081)	$ 12,364
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	62,396	53,757	43,207
Equity method investment loss	77,805	4,789	1,411
Share-based compensation expense	29,569	21,641	37,488
Deferred income taxes, net	(13,274)	(880)	(1,418)
Loss on disposal of property and equipment	80	78	182
Impairment of property and equipment	1,045	—	—
Impairment of privately-held investment	100	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(22,226)	9,873	43,262
Inventories	6,073	(12,503)	(25,207)
Other current and long-term assets	(465)	1,927	(18,695)
Payable related to equity investee, net	2,127	1,731	(17,038)
Accounts payable	13,289	(2,406)	(19,568)
Income taxes payable	(399)	(1,974)	1,957
Deferred revenue	(2,591)	(5,482)	8,073
Accrued and other liabilities	(26,885)	(33,760)	(45,545)
Net cash provided by operating activities	29,668	25,710	20,473
Cash flows from investing activities			
Purchases of property and equipment	(37,180)	(37,088)	(110,428)
Proceeds from sale of property and equipment	61	383	167
Government grants related to equipment	678	961	631
Net cash used in investing activities	(36,441)	(35,744)	(109,630)
Cash flows from financing activities			
Withholding tax on restricted stock units	(10,698)	(7,678)	(6,381)
Proceeds from exercise of stock options and ESPP	7,801	10,114	8,978
Payments for repurchase of common shares	—	—	(13,432)
Proceeds from borrowings	—	—	8,632
Repayments of borrowings	(11,664)	(11,472)	(26,598)
Principal payments on finance leases	(935)	(867)	(810)
Net cash used in financing activities	(15,496)	(9,903)	(29,611)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	227	(126)	(280)
Net decrease in cash, cash equivalents and restricted cash	(22,042)	(20,063)	(119,048)
Cash, cash equivalents and restricted cash at beginning of year	175,540	195,603	314,651
Cash, cash equivalents and restricted cash at end of year	$ 153,498	$ 175,540	$ 195,603

ALPHA AND OMEGA SEMICONDUCTOR LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended June 30,		
	2025	2024	2023
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 2,920	$ 2,564	$ 3,711
Cash paid for income taxes	$ 4,615	$ 5,758	$ 1,537
Supplemental disclosures of non-cash investing and financing information:			
Property and equipment purchased but not yet paid	$ 10,574	$ 7,381	$ 12,715
Reissuance of treasury stock	$ 155	$ 152	$ 67
Reconciliation of cash, cash equivalents, and restricted cash:			
Cash and cash equivalents	$ 153,079	$ 175,127	$ 195,188
Restricted cash	419	413	415
Total cash, cash equivalents, and restricted cash	$ 153,498	$ 175,540	$ 195,603

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

ALPHA AND OMEGA SEMICONDUCTOR LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. The Company and Significant Accounting Policies

The Company

Alpha and Omega Semiconductor Limited and its subsidiaries (the "Company", "AOS", "we" or "us") design, develop and supply a broad range of power semiconductors. The Company's portfolio of products targets high-volume applications, including personal computers, graphic cards, game consoles, home appliances, power tools, smart phones, battery packs, consumer and industrial motor controls and power supplies for computers, servers and telecommunications equipment. The Company conducts its operations primarily in the United States, Hong Kong, China, and South Korea.

Basis of Preparation

The consolidated financial statements include the accounts of all subsidiaries. All intercompany account balances and transactions have been eliminated. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Joint Venture

On March 29, 2016, the Company entered into a joint venture contract (the "JV Agreement") with two investment funds owned by the Municipality of Chongqing (the "Chongqing Funds"), pursuant to which the Company and the Chongqing Funds formed a joint venture (the "JV Company"), for the purpose of constructing and operating a power semiconductor packaging, testing and 12-inch wafer fabrication facility in the Liangjiang New Area of Chongqing, China (the "JV Transaction"). As of December 1, 2021, the Company owned 50.9%, and the Chongqing Funds owned 49.1%, of the equity interest in the JV Company. The joint venture was accounted under the provisions of the consolidation guidance since the Company had controlling financial interest until December 1, 2021. As of December 2, 2021, the Company ceased having control over the JV Company. Therefore, the Company deconsolidated the JV Company as of that date. Subsequently, the Company has accounted for its investment in the JV Company using the equity method of accounting.

Equity Method Investment Loss

The Company uses the equity method of accounting when it has the ability to exercise significant influence, but not control, as determined in accordance with generally accepted accounting principles, over the operating and financial policies of the investee. Effective December 1, 2021, the Company reduced its equity interest in the JV Company and no longer controlled the JV Company. As a result, beginning December 2, 2021, the Company recorded its investment under the equity method of accounting. Since the Company is unable to obtain accurate financial information from the JV Company in a timely manner, the Company's share of earnings or losses of the JV Company is recorded on a one quarter lag. The Company discloses and recognizes intervening events at the JV Company in the lag period that could materially affect its consolidated financial statements, if applicable.

The Company records its interest in the net earnings or loss of the equity method investee, along with adjustments for unrealized profits or losses on intra-entity transactions and amortization of basis differences, within earnings or loss from equity interests in the Consolidated Statements of Operations. Profits or losses related to intra-entity sales with the equity method investee are eliminated until realized by the investor and investee. Basis differences represent differences between the cost of the investment and the underlying equity in net assets of the investment and are generally amortized over the lives of the related assets that gave rise to them. Equity method goodwill is not amortized; instead the equity method investment is tested for impairment. The Company reviews for impairment whenever factors indicate that the carrying amount of the investment is determined to be other than temporary. In such a case, the decrease in value is recognized in the period the impairment occurs in the Consolidated Statements of Operations.

From December 2021 to June 2024, the Company completed several transactions to sell additional equity interests of the JV Company to third-party investors, while the JV Company also issued additional equity interests to new investors that diluted the Company's ownership interest. Accordingly, as of June 30, 2024, the percentage of outstanding JV equity interest beneficially owned by the Company was further reduced to 42.8%. On December 30, 2024, the JV Company signed an investment agreement with an investor, pursuant to which the investor agreed to invest RMB 500 million (or $68.5 million based on the currency exchange rate between RMB and U.S. Dollar on December 31, 2024) in the JV Company in exchange for a 7.09% interest. This transaction closed on January 15, 2025, at which time, the percentage of outstanding JV Company's equity interest owned by the Company was reduced to approximately 39.2%. The Company recorded a gain of $0.5 million on the change of equity interest in the JV Company, which was included in the equity method investment loss line in the consolidated statements of operations. The funding of the investment was agreed to be made in three installments. The JV Company received the first installment of RMB 40 million (or $5.5 million) on December 31, 2024. However, the JV

Company has not received the remaining two installments as of the filing date. As of June 30, 2025, the percentage of outstanding JV equity interest beneficially owned by the Company was 39.2%.

In the fourth quarter of fiscal year 2025, the Company began negotiations with a third-party strategic investor to sell a portion of its outstanding equity interest in the JV Company. On July 14, 2025, the Company entered into an equity transfer agreement (“Agreement”) with the investor to sell approximately 20.3% of outstanding equity interest in the JV Company for an aggregate cash consideration of $150 million. The Company identified the negotiations of the equity transfer agreement throughout the fourth quarter of fiscal year 2025 as an impairment indicator and performed a quantitative impairment test as of June 30, 2025. Based on the implied valuation of the JV Company per the transaction price in the equity transfer agreement, the fair value of the equity method investment was determined to be lower than its carrying value, and a $76.8 million other-than-temporary impairment of the equity method investment was recognized as of June 30, 2025. The impairment loss is recorded within Equity method investment loss in the consolidated statement of operations for the year-ended June 30, 2025.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. To the extent there are material differences between these estimates and actual results, the Company's consolidated financial statements will be affected. On an ongoing basis, the Company evaluates the estimates, judgments and assumptions including those related to reserve of stock rotation returns, allowance for price adjustments, allowance for expected credit loss, inventory reserves, warranty accrual, income taxes, leases, share-based compensation, recoverability of and useful lives for property, plant and equipment.

Foreign Currency Transactions and Translation

Most of the Company's principal subsidiaries use U.S. dollars as their functional currency because their transactions are primarily conducted and settled in U.S. dollars. All of their revenues and a significant portion of their operating expenses are denominated in U.S. dollars. The functional currencies for the Company’s in-house packaging and testing facilities in China are U.S. dollars, and a majority of their capital expenditures are denominated in U.S. dollars. Foreign currency transactions are translated into the functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the re-measurement of monetary assets and liabilities denominated in foreign currencies using exchange rates at balance sheet date and non-monetary assets and liabilities using historical exchange rates, are recognized in the consolidated statements of operations.

For the Company’s subsidiaries which use the local currency as their functional currency, their results and financial position are translated into U.S. dollars using exchange rates at balance sheet dates for assets and liabilities and using average exchange rates for income and expenses items. The resulting translation differences are presented as a separate component of accumulated other comprehensive income (loss) in the consolidated statements of equity.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents primarily consist of cash on hand and short-term bank deposits with original maturities of three months or less. Cash equivalents are highly liquid investments with stated maturities of three months or less as of the dates of purchase. The carrying amounts reported for cash and cash equivalents are considered to approximate fair values based upon their short maturities.

Cash and cash equivalents are maintained with reputable major financial institutions. If, due to current economic conditions or other factors, one or more of the financial institutions with which the Company maintains deposits fails, the Company's cash and cash equivalents may be at risk. Deposits with these banks may exceed the amount of insurance provided on such deposits; however, these deposits typically may be redeemed upon demand and, therefore, bear minimal risk.

The Company maintains restricted cash in connection with cash balances temporarily restricted by the local custom authority for regular business operations. These balances have been excluded from the Company’s cash and cash equivalents balance and are classified as restricted cash in the Company’s consolidated balance sheets. As of June 30, 2025 and 2024, the amount of restricted cash was $0.4 million and $0.4 million, respectively.

Accounts Receivable, net

The allowance for expected credit loss is based on assessment of the expected collectability of accounts receivable from customers. The Company reviews the allowance by considering factors such as historical collection experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect a customer’s ability to pay. The

Company writes off a receivable and charges against its recorded allowance when it has exhausted its collection efforts without success.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair Value of Financial Instruments

The fair value of cash equivalents is based on observable market prices and have been categorized in Level 1 in the fair value hierarchy. Cash equivalents consist primarily of short-term bank deposits. The carrying values of financial instruments such as cash and cash equivalents, accounts receivable and accounts payable approximate their carrying values due to their short-term maturities. Level 2 inputs were used to estimate the fair value of the equity method investment for the purpose of recognizing the other than temporary impairment recorded in 2025. The carrying value of the Company's debt is considered a reasonable estimate of fair value which is estimated by considering the current rates available to the Company for debt of the same remaining maturities, structure and terms of the debts.

Inventories

The Company carries inventories at the lower of cost (determined on a first-in, first-out basis) or net realizable value. Cost includes semiconductor wafer and raw materials, labor, depreciation expenses and other manufacturing expenses and overhead, and packaging and testing fees paid to third parties if subcontractors are used. The Company evaluated its inventory for salability, obsolescence and other available applicable information. When evaluating the adequacy of its provision for excess and obsolete inventory, the Company identifies excess and obsolete products and also analyzes historical usage, forecasted demand, and current economic trends. If actual economic trends are less favorable than those forecasted, additional future inventory write-downs may be required, which could adversely affect our operating results. Inventory adjustments, once established, are not reversed until the related inventory has been sold or scrapped.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items and the costs incurred to make the assets ready for their intended use.

Depreciation is provided for on a straight-line basis over the estimated useful lives of the related assets as follows:

Building and building improvements	20 years
Manufacturing machinery and equipment	7 to 10 years
Equipment and tooling	3 to 5 years
Computer hardware and software	3 to 5 years
Office furniture and equipment	3 to 5 years
Leasehold improvements	2 to 15 years
Vehicle	5 years

Equipment and construction in progress represent equipment received but the necessary installation has not been fully performed or building construction and leasehold improvements have been started but not yet completed. Equipment and

construction in progress are stated at cost and transferred to the respective asset class when fully completed and ready for their intended use.

Internal-use software development costs are capitalized to the extent that the costs are directly associated with the development of identifiable and unique software products controlled by the Company that are expected to generate economic benefits beyond one year. Costs incurred during the application development stage are required to be capitalized. The application development stage is characterized by software design and configuration activities, coding, testing and installation. Training costs and maintenance are expensed as incurred, while upgrades and enhancements are capitalized if such expenditures will result in additional functionality. Costs include employee costs incurred and fees paid to outside consultants for the software development and implementation. Internally developed software is amortized over its estimated useful life of three to five years starting from the date when it is ready for its intended use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized as selling, general and administrative expenses in the consolidated statements of operations. Costs of maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Government Grants

The Company occasionally receives government grants that provide financial assistance for certain eligible expenditures in China. These grants include reimbursements on interest expense on bank borrowings, payroll tax credits, credit for property, plant and equipment in a particular geographical location, employment credits as well as business expansion credits. Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to it, and that the grant will be received. The Company records such grants either as a reduction of the related expense, a reduction of the cost of the related asset, or as other income depending upon the nature of the grant. As a result of such grants, during the fiscal year ended June 30, 2025 and 2024, the Company reduced property, plant and equipment by $0.7 million and $1.0 million, respectively. During the fiscal year ended June 30, 2023, the Company reduced property, plant and equipment by $0.6 million and operating expenses by $0.1 million.

Long-lived Assets

The Company reviews all long-lived assets whenever events or changes in circumstance indicate that these assets may not be recoverable. When evaluating long-lived assets, if the Company concludes that the estimated undiscounted cash flows attributable to the assets are less than their carrying value, the Company recognizes an impairment loss based on the excess of the carrying amount of the assets over their respective fair values, which could adversely affect its results of operations.

During the fiscal year ended June 30, 2025, the Company identified certain purchased manufacturing equipment that was unable to meet its production process requirements. Because the equipment had no alternative uses, the Company recorded an impairment of $1.0 million related to such equipment. There was no impairment of long-lived assets for fiscal years 2024 and 2023.

Revenue Recognition

The Company determines revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, a performance obligation is satisfied. The Company recognizes revenue at a point in time when its performance obligation has been satisfied and control of the product is transferred to the customer, as determined by the agreed upon shipping terms, net of estimated stock rotation returns and price adjustments that it expects to provide to certain distributors. The Company presents revenue net of sales taxes and any similar assessments. Our standard payment terms range from 30 to 60 days.

The Company sells its products primarily to distributors, who in turn sell the products globally to various end customers. Sales to most distributors are made under terms allowing certain price adjustments of the Company’s products held in their inventory or upon sale to their end customers. Revenue from sales to distributors is recognized upon the transfer of control to the distributor. In the ordinary course of business, our distributors may need to sell our products to end customers at prices below the standard distribution price in order to remain competitive and secure sales. After the distributors sell the Company’s products to their end customers, the distributors submit a “ship-and-debit” price adjustment claim to the Company to adjust the distributor’s cost from the standard price to the pre-approved lower price. After the Company verifies that the claim was pre-approved, a credit memo is issued to the distributors for the ship-and-debit claim. In determining the transaction price, the Company considers ship-and-debit price adjustments to be variable consideration. The Company estimates the variable consideration of the allowance for price adjustments at the time revenue is recognized. The Company also allows stock rotation

returns from certain distributors. Stock rotation returns are governed by contract and are limited to a specified percentage of the monetary value of products purchased by distributors during a specified period. The Company records an allowance for stock rotation returns based on historical returns, expected sales volumes and individual distributor agreements. Allowance for price adjustments is recorded against accounts receivable and the provision for stock rotation rights is included in accrued liabilities on the consolidated balance sheets.

The Company's performance obligations relate to contracts with a duration of less than one year. The Company elected to apply the practical expedient provided in ASC 606, "Revenue from Contracts with Customers". Therefore, the Company is not required to disclose the aggregate amount of transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Company recognizes the incremental direct costs of obtaining a contract, which consist of sales commissions, when control over the products they relate to transfers to the customer. Applying the practical expedient, the Company recognizes commissions as expense when incurred, as the amortization period of the commission asset the Company would have otherwise recognized is less than one year.

Packaging and testing services revenue is recognized at a point in time upon shipment of serviced products to the customer.

License and Development Services Revenue Recognition

In February 2023, the Company entered into a license agreement with a customer to license the Company's proprietary SiC technology and to provide 24-months of engineering and development services for a total fee of $45.0 million. The license and development fee required significant integration to create a combined output to the customer and was determined to be one performance obligation and was recognized over the 24 months when the Company performed the engineering and development services. The Company used the input method to measure progress and recognize revenue, based on the effort expended relative to the estimated total effort to satisfy the performance obligation. During the fiscal years ended June 30, 2025 and 2024, the Company recorded $13.8 million and $21.2 million of license and development revenue, respectively. The amount of contract liability is recorded as deferred revenue on the consolidated balance sheets. In addition, the Company also entered an accompanying supply agreement to provide limited wafer supply to the customer. As of June 30, 2025, all revenue has been recognized and all consideration has been received associated with the license agreement.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities and long-term operating lease liabilities on the Company's consolidated balance sheets. Finance leases are included in property, plant and equipment, finance lease liabilities and long-term finance leases liabilities on the consolidated balance sheets.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Company determines its incremental borrowing rate based on the information available at the lease commencement date. The operating lease ROU assets also include any lease payments made and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. Operating lease expense is generally recognized on a straight-line basis over the lease term. Variable lease payments are expensed as incurred and are not included within the operating lease ROU asset and lease liability calculation. The Company does not record leases on the consolidated balance sheet with a term of one year or less. The Company elected to combine its lease and non-lease components as a single lease component for all asset classes.

Product Warranty

The Company provides a standard one-year warranty for products from the date of purchase by the end customers. The Company accrues for estimated warranty costs at the time revenue is recognized. The Company's warranty obligation is determined by product failure rates, labor and material costs for replacing defective parts, related freight costs for failed parts and other costs to fulfill warranty obligation. The Company monitors its warranty claims and maintains warranty reserves based on historical experiences and anticipated warranty claims known at the time of estimation.

Shipping and Handling Costs

Shipping and handling costs are included in cost of goods sold.

Research and Development

Research and development costs are expensed as incurred.

Provision for Income Taxes

Income tax expense or benefit is based on income or loss before taxes. Deferred tax assets and liabilities are recognized principally for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts.

The Company is subject to income taxes in a number of jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company establishes accruals for certain tax contingencies based on estimates of whether additional taxes may be due. While the final tax outcome of these matters may differ from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Significant management judgment is also required in determining whether deferred tax assets will be realized in full or in part. When it is more likely than not that all or some portion of specific deferred tax assets such as net operating losses or research and experimentation tax credit carryforwards will not be realized, a valuation allowance must be established for the amount of the deferred tax assets that cannot be realized. The Company considers all available positive and negative evidence on a jurisdiction-by-jurisdiction basis when assessing whether it is more likely than not that deferred tax assets are recoverable. The Company considers evidence such as our past operating results, the existence of cumulative losses in recent years and our forecast of future taxable income. The Company has concluded that it should report a full valuation allowance on its state research and development tax credit carryforwards as the Company annually generates more state R&D tax credits than it could use based on its forecasts.

The Financial Accounting Standards Board (FASB) issued guidance which clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely to be realized upon ultimate settlement. Although the guidance on the accounting for uncertainty in income taxes prescribes the use of a recognition and measurement model, the determination of whether an uncertain tax position has met those thresholds will continue to require significant judgment by management. If the ultimate resolution of tax uncertainties is different from what is currently estimated, a material impact on income tax expense could result.

The Company's provision for income taxes is subject to volatility and could be adversely impacted by changes in earnings or tax laws and regulations in various jurisdictions. The Company is subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. The Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of changes to reserves, as well as the related net interest and penalties.

Share-based Compensation Expense

The Company maintains an equity-settled, share-based compensation plan to grant restricted share units. The Company recognizes expense related to share-based compensation awards that are ultimately expected to vest based on estimated fair values on the date of grant. The fair value of restricted share units is based on the fair value of the Company's common share on the date of grant. For restricted stock awards subject to market conditions, the fair value of each restricted stock award is estimated at the date of grant using the Monte-Carlo pricing model. Share-based compensation expense is recognized on the accelerated attribution basis over the requisite service period of the award, which generally equals the vesting period. In addition, judgment is also required in estimating the number of stock-based awards that are expected to be forfeited. Forfeitures are estimated based on historical experience.

The Employee Share Purchase Plan (the “ESPP”) is accounted for at fair value on the date of grant using the Black-Scholes option valuation model.

Advertising

Advertising expenditures are expensed as incurred. Advertising expense was $0.5 million, $0.6 million and $0.5 million in the fiscal years ended June 30, 2025, 2024, and 2023, respectively.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The Company's accumulated other comprehensive income (loss) consists of cumulative foreign currency translation adjustments.

Recent Accounting Pronouncements

Recently Adopted Accounting Standards

In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures”, which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU also expands disclosure requirements to enable users of financial statements to better understand the entity’s measurement and assessment of segment performance and resource allocation. The Company adopted the guidance during the three months ended June 30, 2025 and the adoption did not have a significant impact on the consolidated financial statements.

Recently Issued Accounting Standards not yet adopted

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740) – Improvements to Income Tax Disclosures”, which enhances the transparency, effectiveness and comparability of income tax disclosures by requiring consistent categories and greater disaggregation of information related to income tax rate reconciliations and the jurisdictions in which income taxes are paid. This guidance is effective for annual periods beginning after December 15, 2024 with early adoption permitted. The Company did not early adopt ASU 2023-09 and will apply these additional income tax disclosures in its June 2026 fiscal year.

In November 2024, the FASB issued ASU No. 2024-03, “Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures”, which improves disclosure requirements and provides more detailed information about an entity’s expenses, specifically amounts related to purchases of inventory, employee compensation, depreciation, intangible asset amortization, and selling expenses, along with qualitative descriptions of certain other types of expenses. This guidance is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of the ASU on its consolidated financial statements.

2. Equity Method Investment in Equity Investee

On December 1, 2021 (the “Effective Date”), Alpha & Omega Semiconductor (Shanghai) Ltd. (“AOS SH”) and Agape Package Manufacturing (Shanghai) Limited (“APM SH”), each a wholly-owned subsidiary of the Company, entered into a share transfer agreement (“STA”) with a third-party investor to sell a portion of the Company's equity interest in the JV Company which consists of a power semiconductor packaging, testing and 12-inch wafer fabrication facility in Chongqing, China (the “Transaction”). The Transaction closed on December 2, 2021 (the “Closing Date”), which reduced the Company’s equity interest in the JV Company from 50.9% to 48.8%.

On December 24, 2021, the Company entered into a share transfer agreement with another third-party investor, pursuant to which the Company sold to this investor 1.1% of outstanding equity interest held by the Company in the JV Company. In addition, the JV Company adopted an employee equity incentive plan and issued an equity interest equivalent to 3.99% of the JV Company in exchange to cash. As a result of these two transactions, the Company owned 45.8% of the equity interest in the JV Company as of December 31, 2021.

On January 26, 2022, the JV Company completed a financing transaction pursuant to a corporate investment agreement (the “Investment Agreement”) between the JV Company and certain third-party investors (the “New Investors”). Under the Investment Agreement, the New Investors purchased newly issued equity interest of the JV Company, representing approximately 7.82% of post-transaction outstanding equity interests of the JV Company, for a total purchase price of RMB 509 million (or approximately $80 million based on the currency exchange rate as of January 26, 2022) (the “Investment”). Following the closing of the Investment, the percentage of outstanding JV equity interest beneficially owned by the Company was reduced to 42.2%.

In February 2024, the JV Company repurchased certain shares that were previously issued to employees under the employee equity incentive plan, which increased the Company's percentage of equity ownership in the JV Company by 0.54%.

On December 30, 2024, the JV Company signed an investment agreement with an investor, pursuant to which the third-party investor agreed to invest RMB 500 million (or $68.5 million based on the currency exchange rate between RMB and U.S. Dollar on December 31, 2024) in the JV Company in exchange for a 7.09% interest. This transaction closed on January 15, 2025, at which time, the percentage of outstanding JV Company's equity interest owned by the Company was reduced to approximately 39.2%. We recorded a gain of $0.5 million on the change of equity interest in the JV Company, which was included in the equity method investment loss line in the consolidated statements of operations. The funding of the investment was agreed to be made in three installments. The JV Company received the first installment of RMB 40 million (or $5.5 million) on December 31, 2024. However, the JV Company has not received the remaining two installments as of the filing date.

In the fourth quarter of fiscal year 2025, the Company began negotiations with a third-party strategic investor to sell a portion of its outstanding equity interest in the JV Company. On July 14, 2025, the Company entered into an equity transfer agreement with the investor to sell approximately 20.3% of outstanding equity interest in the JV Company for an aggregate cash consideration of approximately $150 million to be paid in four installments, subject to satisfaction of certain conditions.

The Company identified the negotiations of the equity transfer agreement throughout the fourth quarter of fiscal year 2025 as an impairment indicator and performed a quantitative impairment test as of June 30, 2025. Based on the implied valuation of the JV Company per the transaction price in the equity transfer agreement, the fair value of the equity method investment was determined to be lower than its carrying value, and a $76.8 million other-than-temporary impairment of the equity method investment was recognized as of June 30, 2025. The impairment loss is recorded within Equity method investment loss in the consolidated statement of operations for the year-ended June 30, 2025.

The Company accounts for its investment in the JV Company as an equity method investment and reports its equity in earnings or loss of the JV Company on a three-month lag due to an inability to timely obtain financial information of the JV Company. During the fiscal years ended June 30, 2025, 2024 and 2023, the Company recorded $77.8 million including the impairment loss, $4.8 million and $1.4 million of equity method investment loss, respectively, using lag reporting. As of June 30, 2025, the percentage of outstanding JV equity interest beneficially owned by the Company was 39.2%. The difference between the investment's carrying value on June 30, 2025 of $279.1 million and the underlying equity in net assets of approximately $107.1 million as of March 31, 2025 relates primarily to equity method goodwill.

Summarized Financial Information

The following table presents summarized financial information for the JV Company (in thousands):

	As of March 31, 2025		As of March 31, 2024		As of March 31, 2023	
Current assets	$	101,151	$	86,280	$	122,324
Non-current assets	$	315,420	$	338,450	$	333,165
Current liabilities	$	61,341	$	70,776	$	122,340
Non-current liabilities	$	82,124	$	81,899	$	36,525

	For the period April 1, 2024 to March 31, 2025		For the period April 1, 2023 to March 31, 2024		For the period April 1, 2022 to March 31, 2023	
Revenue	$	142,921	$	128,951	$	178,974
Gross profit	$	8,662	$	1,844	$	4,502
Operating expenses	$	10,637	$	9,174	$	5,939
Net loss	$	3,195	$	9,477	$	4,906

3. Related Party Transactions

As of June 30, 2025, the Company owned 39.2% equity interest in the JV Company, which, by definition, is a related party to the Company. The JV Company supplies 12-inch wafers and provides assembly and testing services to AOS. The JV Company reimbursed AOS for purchases made on its behalf of $11.3 million, $9.8 million and $35.6 million during the fiscal year ended June 30, 2025, 2024 and 2023, respectively. Due to the right of offset of receivables and payables with the JV Company, as of June 30, 2025 and 2024, AOS recorded the net amount of $15.8 million and $13.7 million, respectively, as a payable related to equity investee, net, on the Consolidated Balance Sheet. The purchases by AOS for the fiscal year ended June 30, 2025, 2024 and 2023 were $109.1 million, $96.6 million and $127.8 million, respectively.

4. Net Income (Loss) Per Common Share

Basic net income (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share is computed using the weighted-average number of common shares outstanding, plus potential shares of common stock during the period. Potential shares of common stock include dilutive shares attributable to the assumed exercise of share options, employee share purchase plan shares and vesting of restricted stock units using the treasury stock method. Under the treasury stock method, potential common shares outstanding are not included in the computation of diluted net income (loss) per share if their effect is anti-dilutive.

The following table presents the calculation of basic and diluted net income (loss) per share:

	Year Ended June 30,		
	2025	2024	2023
	(in thousands, except per share data)		
Numerator:			
Net income (loss)	$ (96,976)	$ (11,081)	$ 12,364
Denominator:			
Basic:			
Weighted average number of common shares used to compute basic net income (loss) per share	29,405	28,236	27,552
Diluted:			
Weighted average number of common shares used to compute basic net income (loss) per share	29,405	28,236	27,552
Effect of potentially dilutive securities:			
Stock options, RSUs and ESPP shares	—	—	1,976
Weighted average number of common shares used to compute diluted net income (loss) per share	29,405	28,236	29,528
Net income (loss) per share:			
Basic	$ (3.30)	$ (0.39)	$ 0.45
Diluted	$ (3.30)	$ (0.39)	$ 0.42

The following potential dilutive securities were excluded from the computation of diluted net income (loss) per share as their effect would have been anti-dilutive:

	Year Ended June 30,		
	2025	2024	2023
	(in thousands)		
Employee stock options and RSUs	2,475	2,822	310
ESPP	629	1,019	309
Total potential dilutive securities	3,104	3,841	619

5. Concentration of Credit Risk and Significant Customers

The Company manages its credit risk associated with exposure to distributors and direct customers on outstanding accounts receivable through the application and review of credit approvals, credit ratings and other monitoring procedures. In some instances, the Company also obtains letters of credit from certain customers.

Credit sales, which are mainly on credit terms of 30 to 60 days, are only made to customers who meet the Company's credit requirements, while sales to new customers or customers with low credit ratings are usually made on an advance payment basis. The Company considers its trade accounts receivable to be of good credit quality because its key distributors and direct customers have long-standing business relationships with the Company and the Company has not experienced any significant bad debt write-offs of accounts receivable in the past. The Company closely monitors the aging of accounts receivable from its distributors and direct customers, and regularly reviews their financial positions, where available.

Summarized below are individual customers whose revenue or accounts receivable balances were 10% or higher than the respective total consolidated amounts:

	Year Ended June 30,		
Percentage of revenue	**2025**	**2024**	**2023**
Customer A	22.1 %	25.0 %	21.6 %
Customer B	51.3 %	46.0 %	35.6 %
Customer D	*	*	14.0 %

	June 30,	
Percentage of accounts receivable	**2025**	**2024**
Customer A	14.9 %	*
Customer B	52.3 %	*
Customer C	*	33.4 %
Customer D	*	33.4 %

* Less than 10%

6. Balance Sheet Components

Accounts receivable, net

	June 30, 2025	June 30, 2024
	(in thousands)	
Accounts receivable	$ 75,604	$ 54,265
Less: Allowance for price adjustments	(40,802)	(41,689)
Less: Allowance for credit losses	(30)	(30)
Accounts receivable, net	$ 34,772	$ 12,546

Inventories

	June 30, 2025	June 30, 2024
	(in thousands)	
Raw materials	$ 81,341	$ 78,064
Work in-process	91,591	87,898
Finished goods	16,745	29,788
	$ 189,677	$ 195,750

Other current assets

	June 30, 2025	June 30, 2024
	(in thousands)	
Value-added tax receivable	$ 339	$ 304
Other prepaid expenses	2,383	1,822
Prepaid insurance	3,669	4,623
Prepaid maintenance	1,990	2,195
Deposit with supplier	7,073	1,301
Prepaid income tax	336	819
Interest receivable	191	383
Short term deposit	534	21
Other receivables	1,700	2,697
	$ 18,215	$ 14,165

Property, plant and equipment, net

	June 30,	
	2025	2024
	(in thousands)	
Land	$ 4,877	$ 4,877
Building and building improvements	71,961	71,266
Manufacturing machinery and equipment	442,462	423,960
Equipment and tooling	37,918	36,203
Computer equipment and software	53,509	53,081
Office furniture and equipment	3,267	3,193
Leasehold improvements	43,901	41,671
	657,895	634,251
Less: accumulated depreciation and amortization	(371,836)	(320,751)
	286,059	313,500
Equipment and construction in progress	28,038	23,119
Property, plant and equipment, net	$ 314,097	$ 336,619

Total depreciation expense was $54.2 million, $50.5 million and $40.4 million for fiscal years 2025, 2024 and 2023, respectively.

The Company capitalized $0.2 million, $0.6 million and $0.5 million of software development costs during the fiscal years 2025, 2024 and 2023, respectively. Amortization of capitalized software development costs was $0.5 million in fiscal year 2025, $0.6 million in fiscal year 2024 and $0.4 million in fiscal year 2023. Unamortized capitalized software development costs in each of the periods presented at June 30, 2025 and 2024 were $0.7 million and $1.0 million, respectively.

Other long-term assets

	June 30,	
	2025	2024
	(in thousands)	
Prepayments for property and equipment	$ 1,973	$ 620
Investment in privately held companies	—	100
Customs deposit	814	652
Deposit with supplier	18,080	22,117
Office leases deposits	1,358	1,418
Other	541	332
	$ 22,766	$ 25,239

Intangible assets, net

	June 30,	
	2025	2024
	(in thousands)	
Patents and technology rights	$ 18,037	$ 18,037
Trade name	268	268
Customer relationships	1,150	1,150
	19,455	19,455
Less: accumulated amortization	(19,455)	(16,208)
	—	3,247
Goodwill	269	269
Intangible assets, net	$ 269	$ 3,516

The Company is amortizing intangible assets of patents and technology rights related to a license agreement with STMicroelectronics International N.V. Amortization expense for intangible assets was $3.2 million, $3.2 million and $3.3 million for the years ended June 30, 2025, 2024 and 2023, respectively. The estimated useful lives for patents and technology rights and trade name were five years and ten years, respectively. All intangible assets were fully amortized in as of June 30, 2025.

Accrued liabilities

	June 30,	
	2025	2024
	(in thousands)	
Accrued compensation and benefits	$ 17,766	$ 14,945
Warranty accrual	2,118	2,407
Stock rotation accrual	6,184	4,660
Accrued professional fees	3,399	3,198
Accrued inventory	1,465	728
Accrued facilities related expenses	2,184	2,137
Accrued property, plant and equipment	2,704	6,986
Other accrued expenses	4,755	3,822
Customer deposits	17,030	32,182
ESPP payable	1,422	1,306
	$ 59,027	$ 72,371

Short-term customer deposits are payments received from customers for securing future product shipments. As of June 30, 2025, $7.0 million were from Customer A, $2.0 million were from Customer B, and $8.0 million were from other customers. As of June 30, 2024, $9.0 million were from Customer A, $8.9 million were from Customer B, and $14.3 million were from other customers.

The activity in the warranty accrual, included in accrued liabilities is as follows:

	Year Ended June 30,		
	2025	2024	2023
	(in thousands)		
Beginning balance	$ 2,407	$ 1,674	$ 2,650
Addition	1,096	1,186	5,966
Released	(700)	—	(2,300)
Utilization	(685)	(453)	(4,642)
Ending balance	$ 2,118	$ 2,407	$ 1,674

The activity in the stock rotation accrual, included in accrued liabilities is as follows:

	Year Ended June 30,		
	2025	2024	2023
	(in thousands)		
Beginning balance	$ 4,660	$ 5,588	$ 4,798
Addition	12,834	11,044	13,950
Utilization	(11,310)	(11,972)	(13,160)
Ending balance	$ 6,184	$ 4,660	$ 5,588

Other long-term liabilities

	June 30,	
	2025	2024
	(in thousands)	
Customer deposits	$ 7,000	$ 19,661
Other long-term liabilities	$ 7,000	$ 19,661

Customer deposits are payments received from customers for securing future product shipments. As of June 30, 2025, $5.0 million were from Customer A and $2.0 million were from other customers. As of June 30, 2024, $12.0 million were from Customer A, $2.0 million were from Customer B and $5.7 million were from other customers.

7. Bank Borrowing

Accounts receivable factoring agreement

On August 9, 2019, one of the Company's wholly-owned subsidiaries (the "Borrower") entered into a factoring agreement with the Hongkong and Shanghai Banking Corporation Limited ("HSBC"), whereby the Borrower assigns certain of its accounts receivable with recourse. This factoring agreement allows the Borrower to borrow up to 70% of the net amount of its eligible accounts receivable of the Borrower with a maximum amount of $30.0 million. The interest rate is based on the Secured Overnight Financing Rate ("SOFR)", plus 2.01% per annum. The Company is the guarantor for this agreement. The Company is accounting for this transaction as a secured borrowing under the Transfers and Servicing of Financial Assets guidance. In addition, any cash held in the restricted bank account controlled by HSBC has a legal right of offset against the borrowing. This agreement, with certain financial covenants required, has no expiration date. On August 11, 2021, the Borrower signed an agreement with HSBC to decrease the borrowing maximum amount to $8.0 million with certain financial covenants required. Other terms remain the same. As of June 30, 2025, there was no outstanding balance for this loan.

Debt financing

In September 2021, Jireh Semiconductor Incorporated (“Jireh”), one of the Company's wholly-owned subsidiaries, entered into a financing arrangement agreement with a company (“Lender”) for the lease and purchase of a machinery equipment manufactured by a supplier. This agreement has a 5 years term, after which Jireh has the option to purchase the equipment for $1. The implied interest rate was 4.75% per annum which was adjustable based on every five basis point increase in 60-month U.S. Treasury Notes, until the final installation and acceptance of the equipment. The total purchase price of this equipment was Euro 12.0 million. In April 2021, Jireh made a down payment of Euro 6.0 million, representing 50% of the total purchase price of the equipment, to the supplier. In June 2022, the equipment was delivered to Jireh after Lender paid 40% of the total purchase price, for Euro 4.8 million, to the supplier on behalf of Jireh. In September 2022, Lender paid the remaining 10% payment for the total purchase price and reimbursed Jireh for the 50% down payment, after the installation and configuration of the equipment. The title of the equipment was transferred to Lender following such payment. The agreement was amended with fixed implied interest rate of 7.51% and monthly payment of principal and interest effective in October 2022. Other terms remain the same. In addition, Jireh purchased hardware for the machine under this financing arrangement. The purchase price of this hardware was $0.2 million. The financing arrangement is secured by this equipment and other equipment which had a carrying amount of $12.1 million as of June 30, 2025. As of June 30, 2025, the outstanding balance of this debt financing was $6.5 million.

Long-term bank borrowings

On August 18, 2021, Jireh entered into a term loan agreement with a financial institution (the "Bank") in an amount up to $45.0 million for the purpose of expanding and upgrading the Company’s fabrication facility located in Oregon. The obligation under the loan agreement is secured by substantially all assets of Jireh and guaranteed by the Company. The agreement has a term of 5.5 years and matures on February 16, 2027. Jireh is required to make consecutive quarterly payments of principal and interest. The loan accrues interest based on the SOFR plus the applicable margin based on the outstanding balance of the loan. This agreement contains customary restrictive covenants and includes certain financial covenants that the Company is required to maintain. Jireh drew down $45.0 million on February 16, 2022 with the first payment of principal beginning in October 2022. As of June 30, 2025, Jireh was in compliance with these covenants and the outstanding balance of this loan was $20.3 million. In August 2025, the Company paid the outstanding balance in full.

At June 30, 2025, maturities of short-term debt and long-term debt were as follows (in thousands):

Year ending June 30,		
2026	$	11,871
2027		14,344
2028		536
Total principal of debt		26,751
Less: debt issuance costs		(27)
Total principal of debt, less debt issuance costs	$	26,724

	Short-term Debt		Long-term Debt		Total	
Principal amount	$	11,871	$	14,880	$	26,751
Less: debt issuance costs		(19)		(8)		(27)
Total debt, less debt issuance costs	$	11,852	$	14,872	$	26,724

8. Leases

The Company evaluates contracts for lease accounting at contract inception and assesses lease classification at the lease commencement date. Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities and operating lease liabilities - long-term on the Company's consolidated balance sheets. Finance leases are included in property, plant and equipment, finance lease liabilities and finance lease liabilities-long-term on the consolidated balance sheets. The Company recognizes a ROU asset and corresponding lease obligation liability at the lease commencement date where the lease obligation liability is measured at the present value of the minimum lease payments. As most of the leases do not provide an implicit rate, the Company uses its incremental borrowing rate at lease commencement. The Company uses an interest rate commensurate with the interest rate to borrow on a collateralized basis over a similar term with an amount equal to the lease payments. Operating leases are primarily related to offices, research and development facilities, sales and marketing facilities, and manufacturing facilities. In addition, long-term supply agreements to lease gas tank equipment and purchase industrial gases are accounted for as operating leases. Lease agreements frequently include renewal provisions and require the Company to pay real estate taxes, insurance and maintenance costs. For operating leases, the amortization of the ROU asset and the accretion of its lease obligation liability result in a single straight-line expense recognized over the lease term. The finance lease is related to the $5.1 million of a machinery lease financing with a vendor. In September 2022, the lease was amended to make a monthly payment of principal and interest as a fixed amount effective in October 2022. Other terms remain the same. The amendment was accounted for as a lease modification and no gain or loss was recognized. The Company does not record leases on the consolidated balance sheet with a term of one year or less.

The components of the Company's operating and finance lease expenses are as follows for the years presented (in thousands):

	Year Ended June 30,	
	2025	2024
Operating leases:		
Fixed rent expense	$ 6,497	$ 6,268
Variable rent expense	1,098	1,095
Finance lease:		
Depreciation of equipment	513	513
Interest	210	277
Short-term leases:		
Short-term lease expenses	173	161
Total lease expenses	$ 8,491	$ 8,314

Supplemental balance sheet information related to the Company's operating and finance leases is as follows (in thousands, except lease term and discount rate):

	June 30,	
	2025	2024
Operating Leases:		
ROU assets associated with operating leases	$ 21,288	$ 25,050
Finance Lease:		
Property, plant and equipment, gross	$ 5,133	$ 5,133
Accumulated depreciation	(1,684)	(1,171)
Property, plant and equipment, net	$ 3,449	$ 3,962
Weighted average remaining lease term (in years)		
Operating leases	5.00	5.54
Finance lease	2.25	3.25
Weighted average discount rate		
Operating leases	4.88 %	4.91 %
Finance lease	7.51 %	7.51 %

Supplemental cash flow information related to the Company's operating and finance leases is as follows (in thousands):

	Year Ended June 30,	
	2025	2024
Cash paid from amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 6,466	$ 6,330
Operating cash flows from finance lease	$ 210	$ 277
Financing cash flows from finance lease	$ 935	$ 867
Non-cash investing and financing information:		
Operating lease right-of-use assets obtained in exchange for lease obligations	$ 1,162	$ 5,884

Future minimum lease payments are as follows as of June 30, 2025 (in thousands):

	Operating Leases	Finance Leases
2026	$ 5,935	$ 1,144
2027	5,011	1,144
2028	4,419	191
2029	4,055	—
2030	3,430	—
Thereafter	1,841	—
Total minimum lease payments	24,691	2,479
Less amount representing interest	(2,788)	(198)
Total lease liabilities	$ 21,903	$ 2,281

9. Shareholders' Equity

Common Shares

The Company's Bye-laws, as amended, authorized the Company to issue 100,000,000 common shares with par value of $0.002. Each common share is entitled to one vote. The holders of common shares are also entitled to receive dividends whenever funds are legally available and when and if declared by the board of directors. No dividends had been declared as of June 30, 2025.

In September 2017, the board of directors approved a repurchase program (the "Repurchase Program") that allowed the Company to repurchase its common shares from the open market pursuant to a pre-established Rule 10b5-1 trading plan or through privately negotiated transactions up to an aggregate of $30.0 million. The amount and timing of any repurchases under the Repurchase Program depend on a number of factors, including but not limited to, the trading price, volume and availability of the Company's common shares. Shares repurchased under this program are accounted for as treasury shares and the total cost of shares repurchased is recorded as a reduction of shareholders' equity. From time to time, treasury shares may be reissued as part of the Company's stock-based compensation programs. Gains on re-issuance of treasury stock are credited to additional paid-in capital; losses are charged to additional paid-in capital to offset the net gains, if any, from previous sales or re-issuance of treasury stock. Any remaining balance of the losses is charged to retained earnings. As of June 30, 2023, there was no availability under this repurchase program, which was terminated. Prior to September 2017, the board of directors authorized two share purchase programs, which were terminated.

During fiscal years 2025 and 2024, the Company did not repurchase any shares pursuant to the repurchase program. During fiscal year 2023, the Company repurchased an aggregate of 548,132 shares, from the open market for a total cost of approximately $13.4 million, excluding fees and related expenses, at an average price of $24.51 per share.

As of June 30, 2025, the Company had repurchased an aggregate of 7,332,780 shares for a total cost of $81.1 million, at an average price of $11.01 per share, excluding fees and related expenses, since inception of the program. No repurchased shares have been retired. Of the 7,332,780 repurchased shares, 214,809 shares with a weighted average repurchase price of $9.58 per share, were reissued at an average price of $3.89 per share for option exercises and vested restricted stock units.

10. Share-based Compensation

2018 Omnibus Incentive Plan

The 2009 Share Option/Share Issuance Plan (the "2009 Plan") was approved in September 2009 at the annual general meeting of shareholders in connection with the Company's IPO. At the annual general meeting of shareholders in November 2018, the 2009 Plan was approved to be terminated and the 2018 Omnibus Incentive Plan (the "2018 Plan") was effective. No further awards will be made under the 2009 Plan. The 2018 Plan authorized the board of directors to grant incentive share options, non-statutory share options and restricted shares to employees, directors, non-employee directors and consultants of the Company and its subsidiaries for up to 2,065,000 common shares. The 2018 Plan does not include an evergreen authorization. Therefore, the Company is not permitted to increase the number of shares reserved in the share pool without obtaining further shareholder approval. Outstanding shares under the 2018 Plan and awards granted under the 2009 Plan that expire, are forfeited or cancelled or terminate prior to the issuance of the shares subject to those awards or are settled in cash will be available for subsequent issuance under the 2018 Plan. At the annual general meeting of shareholders from 2021 to 2024, the shares reserved for issuance under the 2018 Plan was approved to increase by a total of 2,544,000 shares, to 4,609,000 shares. As of June 30, 2025, 541,000 shares were available for grant under the 2018 Plan.

Beginning with the 2014 Annual Shareholders Meeting, on the date of each annual shareholders meeting, each individual who commences service as a non-employee Board member by reason of his or her election to the Board at such annual meeting and each individual who is to continue to serve as a non-employee Board member, whether or not that individual is standing for re-election to the Board at that particular annual meeting, will automatically be granted an award in the form of restricted share units covering that number of common shares determined by dividing one hundred sixty thousand dollars ($160,000) by the average fair market value per share for the ninety (90)-day period preceding the grant date, up to a maximum of 10,000 shares.

Under the 2018 Plan, incentive share options and RSU are to be granted at a price that is not less than 100% and nonstatutory share options are to be granted at not less than 85% of the fair value of the common shares, at the date of grant for employees and consultants. Options and RSUs generally vest over a four-year to five-year period, and are exercisable for a maximum period of ten years after the date of grant.

The fair value of RSU, including time-based restricted stock units and performance-based restricted stock units is based on the market price of the Company's common shares on the date of grant.

Time-based Restricted Stock Units ("TRSU")

The total fair value of TRSUs vested during the years ended June 30, 2025, 2024 and 2023 was $17.9 million, $15.6 million and $13.0 million, respectively. The following table summarizes the Company's TRSU activities:

	Number of Time-based Restricted Stock Units	Weighted Average Grant Date Fair Value Per Share	Weighted Average Remaining Recognition Period (Years)	Aggregate Intrinsic Value
Nonvested at June 30, 2022	1,169,609	$ 34.03		$ 38,994,764
Granted	714,080	$ 27.70		
Vested	(451,549)	$ 28.84		
Forfeited	(47,075)	$ 33.40		
Nonvested at June 30, 2023	1,385,065	$ 32.48		$ 45,430,132
Granted	679,993	$ 23.12		
Vested	(521,109)	$ 30.00		
Forfeited	(74,814)	$ 30.34		
Nonvested at June 30, 2024	1,469,135	$ 29.13		$ 54,901,575
Granted	655,738	$ 29.39		
Vested	(574,664)	$ 31.17		
Forfeited	(58,283)	$ 28.25		
Nonvested at June 30, 2025	1,491,926	$ 28.50	1.66	$ 38,282,821

Performance-based Restricted Stock Units ("PRSU")

In March each year since fiscal year 2017, the Company granted PRSU to certain personnel. The number of shares to be ultimately earned under the PRSU is determined based on the level of attainment of predetermined financial goals. The PRSU vests in four equal annual installments from the first anniversary date after the grant date if certain predetermined financial goals were met. The Company recorded $4.0 million, $2.8 million and $5.2 million of expenses for these PRSUs during the years ended June 30, 2025, 2024 and 2023, respectively. The total fair value of PRSUs vested during the years ended June 30, 2025, 2024 and 2023 was $4.5 million, $3.8 million and $3.5 million, respectively.

The following table summarizes the Company's PRSU activities:

	Number of Performance-based Restricted Stock Units	Weighted Average Grant Date Fair Value Per Share	Weighted Average Remaining Recognition Period (Years)	Aggregate Intrinsic Value
Nonvested at June 30, 2022	389,375	$ 36.56		$ 12,981,763
Granted	264,214	$ 25.70		
Vested	(116,132)	$ 30.54		
Forfeited	(10,743)	$ 48.65		
Nonvested at June 30, 2023	526,714	$ 32.19		$ 17,276,219
Granted	209,250	$ 21.55		
Vested	(123,632)	$ 30.50		
Forfeited	(268,207)	$ 26.59		
Nonvested at June 30, 2024	344,125	$ 30.69		$ 12,859,951
Granted	209,750	$ 27.61		
Vested	(133,910)	$ 33.60		
Forfeited	(10,402)	$ 48.65		
Nonvested at June 30, 2025	409,563	$ 27.71	1.85	$ 10,509,387

Market-based Restricted Stock Units ("MSUs")

In December 2021, the Company granted 1.0 million market-based restricted stock units to certain personnel. The number of shares to be earned at the end of the performance period was determined based on the Company's achievement of specified stock prices and revenue thresholds during the performance period from January 1, 2022 to December 31, 2024 as well as the recipients remaining in continuous service with the Company through such period. The MSU vests in four equal annual installments after the end of performance period. The Company estimated the grant date fair values of its MSUs using a Monte-Carlo simulation model. In September 2023, the Company determined it was no longer probable that it would achieve the minimum revenue threshold specified in the awards. Therefore, the Company reversed all of the previously recognized expenses of $6.4 million for these MSUs. In addition, on September 19, 2023, the Compensation Committee of the Board approved a modification of the terms of MSUs to extend the performance period through December 31, 2025, changed the commencement date for the four-year time-based service period to January 1, 2026, and reduced the achievement of specified stock prices and revenue thresholds. The fair value of these MSUs was revalued to reflect the change using a Monte-Carlo simulation model. In June 2024, the Company determined it was no longer probable that the revenue thresholds for the modified MSU would be achieved. Therefore, the Company reversed $2.4 million in the June 2024 quarter that was recorded during the fiscal year 2024 related to the modification on September 19, 2023. On August 8, 2024, the Compensation Committee of the Board approved modifications of the terms of MSUs to extend the performance period through December 31, 2026, change the commencement date for the four-year time-based service period to January 1, 2027, and reduce the revenue thresholds. The fair value of these MSUs was revalued to reflect the change using a Monte-Carlo simulation model with the following assumptions: risk-free interest rate of 3.93%, expected term of 2.40 years, expected volatility of 57.81% and dividend yield of 0%. The Company recorded approximately $5.0 million, $(6.4) million and $1.9 million of expenses for these MSUs during the fiscal years ended June 30, 2025, 2024 and 2023, respectively.

During the quarter ended September 30, 2018, the Company granted 1.3 million MSUs to certain personnel. The number of shares to be earned at the end of the performance period is determined based on the Company's achievement of specified stock prices and revenue thresholds during the performance period from January 1, 2019 to December 31, 2021 as well as the

recipients remaining in continuous service with the Company through such period. The MSUs vest in four equal annual installments after the end of performance period. On August 31, 2020, the Compensation Committee of the Board approved a modification of the terms of MSU to (i) extend the performance period through December 31, 2022 and (ii) change the commencement date for the four-year time-based service period to January 1, 2023. The modified MSUs were valued immediately before and after the modification, using Monte-Carlo simulation pricing model. The Monte-Carlo simulation pricing model applied the following assumptions for pre-modification conditions: risk-free interest rate of 0.13%, expected term of 1.3 years, expected volatility of 66.7% and dividend yield of 0%; and for post-modification conditions: risk-free interest rate of 0.14%, expected term of 2.3 years, expected volatility of 59.1% and dividend yield of 0%. The fair value of these MSUs was recalculated to reflect the change as of August 31, 2020 and the unrecognized compensation amount was adjusted to reflect the increase in fair value. The Company recorded approximately $0.6 million, $1.0 million and $3.9 million of expense for these MSUs during the years ended June 30, 2025, 2024 and 2023, respectively. The total fair value of MSUs vested during the years ended June 30, 2025, 2024 and 2023 was $1.4 million, $1.4 million and $0.5 million, respectively.

The following table summarizes the Company’s MSUs activities:

	Number of Market-based Restricted Stock Units	Weighted Average Grant Date Fair Value Per Share	Weighted Average Remaining Recognition Period (Years)	Aggregate Intrinsic Value
Nonvested at June 30, 2022	2,206,000	$ 25.10		$ 73,548,040
Vested	(90,000)	$ 5.17		
Forfeited	(8,000)	$ 48.44		
Nonvested at June 30, 2023	2,108,000	$ 25.86		$ 69,142,400
Vested	(275,000)	$ 5.17		
Forfeited	(106,000)	$ 42.32		
Nonvested at June 30, 2024	1,727,000	$ 28.15		$ 64,537,990
Vested	(270,000)	$ 5.17		
Forfeited	(21,000)	$ 38.14		
Nonvested at June 30, 2025	1,436,000	$ 32.32	2.89	$ 36,847,760

Stock Option

The following table summarizes the Company's stock option activities:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at June 30, 2022	389,875	$ 7.70		
Exercised	(65,500)	$ 8.42		$ 1,442,646
Canceled or forfeited	(5,000)	$ 9.19		
Outstanding at June 30, 2023	319,375	$ 7.53		
Exercised	(309,375)	$ 7.48		$ 5,588,750
Outstanding at June 30, 2024	10,000	$ 9.07		
Exercised	(10,000)	$ 9.07		$ 265,267
Outstanding at June 30, 2025	—	$ 0.00	0.00	$ 0
Options vested and expected to vest	—	$ 0.00	0.00	$ 0
Exercisable at June 30, 2025	—	$ 0.00	0.00	$ 0

The aggregate intrinsic value for options outstanding at June 30, 2025 in the table above is based on the Company’s common stock closing price on June 30, 2025.

The 2018 Employee Share Purchase Plan

At the annual general meeting of shareholders in November 2018, the 2018 Employee Share Purchase Plan ("Purchase Plan" or "ESPP") was approved, under which 1,430,000 common shares are available for issuance. The Purchase Plan does not include an evergreen authorization, therefore the Company is not permitted to increase the number of shares reserved in the share pool without obtaining further shareholder approval. At the annual general meetings of shareholders in 2021 and 2023, the shares reserved for issuance under the ESPP was approved to increase by 1,070,000 and 1,200,000 shares, respectively to a total of 3,700,000 shares. The Purchase Plan provided for a series of overlapping offering periods with a duration of 24 months, generally beginning on May 15 and November 15 of each year. The Purchase Plan allows employees to purchase common shares through payroll deductions of up to 15% of their eligible compensation. Such deductions will accumulate over a six-month accumulation period without interest. After such accumulation period, common shares will be purchased at a price equal to 85% of the fair market value per share on either the first day of the offering period or the last date of the accumulation period, whichever is less. The maximum number of shares that may be purchased by a participant on any purchase date may not exceed 875 shares for a total of 3,500 shares per a 24-month offering period. In addition, no participant may purchase more than $25,000 worth of common stock in any one calendar year period. No more than 300,000 common shares may be purchased by all participants on any purchase date.

The ESPP is compensatory and results in compensation expense. The fair values of common shares to be issued under the ESPP were determined using the Black-Scholes option pricing model with the following assumptions:

	Year Ended June 30,		
	2025	2024	2023
Volatility rate	54.1% - 71.0%	53.0% - 64.3%	64.0% - 70.5%
Risk-free interest rate	4.1% - 4.4%	5.0% - 5.2%	4.5% - 4.6%
Expected term	1.3 years	1.3 years	1.3 years
Dividend yield	—%	—%	—%

The weighted-average estimated fair value of employee stock purchase rights granted pursuant to the ESPP during the fiscal years ended June 30, 2025, 2024 and 2023 was $12.07, $10.16 and $11.46 per share, respectively.

Share-based Compensation Expenses

The total share-based compensation expense related to TRSU, PRSUs, MSUs, and ESPP described above, recognized in the consolidated statements of operations for the years presented was as follows:

	Year Ended June 30,		
	2025	2024	2023
	(in thousands)		
Cost of goods sold	$ 4,224	$ 3,434	$ 5,851
Research and development	8,123	5,210	9,437
Selling, general and administrative	17,222	12,997	22,200
	$ 29,569	$ 21,641	$ 37,488

Total unrecognized share-based compensation expense as of June 30, 2025 was $51.1 million including estimated forfeitures, which is expected to be recognized over a weighted-average period of 2.6 years.

11. Employee Benefit Plans

The Company maintains a 401(k) retirement plan for the benefit of qualified employees in the U.S. Employees who participate may elect to make salary deferral contributions to the plan up to 100% of the employees' eligible salary subject to annual Internal Revenue Code maximum limitations. The employer's contribution is discretionary. Effective from April 1, 2022, the Company began to match 50% of employee contribution up to 4% of eligible compensation for a 2% maximum match. During the fiscal years ended June 30, 2025, 2024 and 2023, the Company made employer match contributions of $1.8 million, $1.8 million and $1.9 million, respectively.

The Company makes mandatory contributions for its employees to the respective local governments in terms of retirement, medical insurance and unemployment insurance, where applicable, according to labor and social security laws and regulations of the countries and areas in which the Company operates. The retirement contribution rate is 7.7% in the U.S., 16.0% to 17.0% in China, 6.0% in Taiwan, 12.0% in India, and 9.3% in Germany. The Company has no obligations for the payment of such social benefits beyond the required contributions as set out above.

12. Income Taxes

The domestic and foreign components of income before taxes are:

	Year Ended June 30,		
	2025	2024	2023
		(in thousands)	
U.S. operations	$ 8,229	$ 9,079	$ 19,001
Non-U.S. operations	(36,025)	(11,722)	711
Net income (loss) before income taxes	$ (27,796)	$ (2,643)	$ 19,712

The provision for income taxes is comprised of:

	Year Ended June 30,		
	2025	2024	2023
		(in thousands)	
U.S. federal taxes:			
Current	$ 721	$ 485	$ 1,093
Deferred	190	1,652	549
Non-U.S. taxes:			
Current	3,972	3,187	4,620
Deferred	(13,502)	(1,669)	(404)
State taxes, net of federal benefit:			
Current	(6)	(6)	79
Total provision (benefit) for income taxes	$ (8,625)	$ 3,649	$ 5,937

The reconciliation of the federal statutory income tax rate to our effective income tax rate is as follows (in percentage):

	Year Ended June 30,		
	2025	2024	2023
United States statutory rate	21.0 %	21.0 %	21.0 %
Stock-based compensation	(0.3)	(3.7)	0.2
Foreign taxes, net	(38.9)	(186.9)	13.5
Outside basis difference on equity method investment	45.1	27.4	(1)
Tax credits	7.7	86.2	(13.3)
Non-deductible expenses	(1.0)	(6.9)	1.5
Tax exempt income	—	2.8	(1.5)
Withholding taxes	—	—	9.0
Non-deductible executive compensation	(6.0)	(78.6)	7.3
Foreign derived intangible income deduction	2.0	0.0	(7.2)
Other	1.4	0.6	0.6
	31.0 %	(138.1)%	30.1 %

As shown in the above effective tax rate analysis, the Company's effective tax rate was 31.0%, (138.1)%, and 30.1% for fiscal year 2025, 2024 and 2023, respectively. The primary reason for the large percentage differences in the overall effective tax rate reconciliation between the fiscal 2024 year and fiscal 2025 year as well as between the fiscal 2024 year and fiscal 2023 year is mainly due to the smaller amount of pretax book loss of $2.6 million as the denominator in the calculation of effective tax rate reconciliation in fiscal 2024, as compared to the larger amount of pretax book loss of $27.8 million in fiscal 2025 as the

denominator as well as the pretax book income of $19.7 million in fiscal 2023 as the denominator in calculating the effective tax rates for these two years.

When comparing the effective tax rate impact on the differences in pretax book loss between fiscal 2025 versus fiscal 2024, the net value of the fiscal 2025 loss is approximately 10.5 times higher than the pretax book loss in fiscal 2024. Therefore, the percentage impact on the effective tax rate in fiscal 2025 is approximately 10.5 times higher than in fiscal 2024, simply due to the large variance in pretax book loss between the two years. The impact of the pretax book loss denominator effect also fully explains the differences in the effective tax rate differences between the fiscal 2025 and 2024 years for tax credits and non-deductible executive compensation expense. The differences between "Foreign Taxes, net" is a result of changes in the mix of earnings in various geographic jurisdictions between fiscal 2025 and fiscal 2024. The differences concerning "Outside Basis Differences on Equity Method Investment" between the two years is a result of the larger amount of equity method loss in fiscal 2025 in comparison with that of fiscal 2024.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets and liabilities are as follows:

	June 30,	
	2025	2024
	(in thousands)	
Deferred tax assets:		
Accrued compensation	$ 2,327	$ 2,188
Net operating loss carryforwards	—	—
Depreciation	7,210	6,286
Tax credits	16,957	16,161
Operating lease liabilities	3,953	4,574
Capitalized R&D costs	1,302	1,398
Accruals and reserves	434	445
Total deferred tax assets	32,183	31,052
Valuation allowance	(8,751)	(7,266)
Total deferred tax assets, net of valuation allowance	23,432	23,786
Deferred tax liabilities:		
Depreciation and amortization	(18,538)	(19,062)
Right of use assets	(3,724)	(4,328)
Investments	(13,763)	(26,263)
Total deferred tax liabilities	(36,025)	(49,653)
Net deferred tax liabilities	$ (12,593)	$ (25,867)

The breakdown between deferred tax assets and liabilities is as follows:

	June 30,	
	2025	2024
	(in thousands)	
Deferred tax assets	$ 599	$ 549
Deferred tax liabilities	(13,192)	(26,416)
Net deferred tax liabilities	$ (12,593)	$ (25,867)

The Company's valuation allowance related to deferred income taxes as reflected in the consolidated balance sheets was $8.8 million and $7.3 million as of June 30, 2025 and 2024, respectively. The change in valuation allowance for June 30, 2025 and 2024 was an increase of $1.5 million and an increase of $0.6 million, respectively.

At June 30, 2025 and 2024, the Company provided a valuation allowance for its state research and development credit carryforward deferred tax assets of $8.8 million and $7.3 million, respectively, as it generated more state tax credits each year than it can utilize. The Company intends to maintain a valuation allowance equal to the state research and development credit carryforwards in excess of the state net deferred tax liabilities on all other state book and tax differences and net operating loss carryforward.

At June 30, 2025, the Company had federal research and development tax credit carryforwards of approximately $8.1 million. The federal tax credits begin to expire in 2042, if not utilized. At June 30, 2025, the Company had state tax credit carryforwards of approximately $11.1 million, of which $9.9 million carryforward indefinitely, $0.9 million have a 10 to 15 year life (beginning to expire in 2033) and $0.3 million with a 20 year life, (beginning to expire in 2038).

The Company intends to reinvest the undistributed earnings of its foreign subsidiaries indefinitely, except for Alpha and Omega Semiconductor (Cayman) Ltd. and AOS International LP. As of June 30, 2025, Alpha and Omega Semiconductor (Cayman) and AOS International LP have a cumulative loss. As of June 30, 2025, the cumulative amount of undistributed earnings of its foreign entities considered permanently reinvested is $433.5 million. Should the Company decide to remit this income to its Bermuda parent company in a future period, its provision for income taxes may increase materially in that period. The determination of the unrecognized deferred tax liability on these earnings is not practicable due to the complexity and variety of assumptions necessary to estimate the tax. As of June 30, 2025, the Company has recorded a deferred tax liability of $13.8 million for the basis difference related to our investment in the JV Company.

A reconciliation of the beginning and ending amount of unrecognized tax benefits from July 1, 2022 to June 30, 2025 is as follows:

	Year Ended June 30,		
	2025	2024	2023
	(in thousands)		
Balance at beginning of year	$ 10,088	$ 9,335	$ 8,609
Additions based on tax positions related to the current year	826	764	804
Reductions based on tax positions related to prior years	(5)	(11)	(68)
Reductions due to lapse of applicable statute of limitations	(167)	—	(10)
Balance at end of year	$ 10,742	$ 10,088	$ 9,335

At June 30, 2025, the total unrecognized tax benefits of $10.7 million included $7.3 million of unrecognized tax benefits that have been netted against the related deferred tax assets. The remaining $3.4 million of unrecognized tax benefits was recorded within long-term income tax payable on the Company's consolidated balance sheet as of June 30, 2025. The Company cannot reasonably estimate the timing and amount of potential cash settlements on the unrecognized tax benefits.

The total unrecognized tax benefits of $10.7 million at June 30, 2025 included $7.4 million that, if recognized, would reduce the effective income tax rate in future periods. It is reasonably possible that the Company will recognize approximately $0.2 million reduction to its uncertain tax positions during the next twelve months due to a lapse in the applicable statute of limitations.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. To the extent accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision in the period that such determination is made. The amount of interest and penalties accrued at June 30, 2025 was $0.8 million, of which $0.2 million was recognized in the year ended June 30, 2025. The amount of interest and penalties accrued at June 30, 2024 was $0.5 million, of which $0.2 million was recognized in the year ended June 30, 2024.

The Company files its income tax returns in the United States and in various foreign jurisdictions. The tax years 2004 to 2025 remain open to examination by U.S. federal and state tax authorities due to tax attribute carryovers. The tax years 2019 to 2025 remain open to examination by foreign tax authorities.

The Company's income tax returns are subject to examinations by the Internal Revenue Service and other tax authorities in various jurisdictions. In accordance with the guidance on the accounting for uncertainty in income taxes, the Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes. These assessments can require considerable estimates and judgments. If the Company's estimate of income tax liabilities proves to be less than the ultimate assessment, then a further charge to expense would be required. If

events occur and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary.

One Big Beautiful Bill Act, Enacted July 4, 2025

On July 4, 2025, H.R. 1, commonly known as the One Big Beautiful Bill Act (the "OBBB"), was signed into law. This includes significant changes to the federal corporate tax provisions and extends certain otherwise expiring provisions of the 2017 Tax Cuts and Jobs Act. The key provisions include allowing immediate expensing of domestic research and experimental expenditures, new limitations on interest expense deductibility, reinstatement of 100% bonus depreciation for qualified assets placed in service in the United States after January 19, 2025 as well as changes to the calculation of taxable income resulting from the foreign derived intangible income deduction. *ASC 740 Income Taxes* requires the effects of changes in tax rates and laws to be recognized in the period in which the relevant legislation is enacted. The OBBB was enacted after the June 30, 2025 year end. As of June 30, 2025, we are continuing to assess the potential impact of the OBBB.

13. Segment and Geographic Information

The Company is organized as, and operates in, one operating segment: the design, development and supply of power semiconductor products for computing, consumer electronics, communication and industrial applications. The chief operating decision-maker is the Chief Executive Officer. The financial information presented to the Company's Chief Executive Officer is on a consolidated basis, accompanied by information about revenue by customer and geographic region, for purposes of evaluating financial performance and allocating resources. The Chief Executive Officer assesses performance of the Company, monitors budget versus actual results and determines how to allocated resources based on the consolidated net income or loss as reported on the Company's Consolidated Statement of Operations. There are no other expense categories regularly provided to the Chief Executive Officer that are not already included in the Consolidated Statements of Operations. The Company has one business segment, and there are no segment managers who are held accountable for operations, operating results and plans for products or components below the consolidated unit level. Accordingly, the Company reports as a single operating segment.

The Company sells its products primarily to distributors in the Asia Pacific region, who in turn sell these products to end customers. Because the Company's distributors sell their products to end customers which may have a global presence, revenue by geographical location is not necessarily representative of the geographical distribution of sales to end user markets.

The revenue by geographical location in the following tables is based on the country or region in which the products were shipped to:

	Year Ended June 30,		
	2025	2024	2023
	(in thousands)		
Hong Kong	$ 617,574	$ 524,788	$ 561,855
China	58,514	95,417	84,546
South Korea	1,691	9,956	9,168
United States	4,093	4,938	19,744
Other countries	14,290	22,175	16,008
	$ 696,162	$ 657,274	$ 691,321

The following is a summary of revenue by product type:

	Year Ended June 30,		
	2025	2024	2023
	(in thousands)		
Power discrete	$ 449,507	$ 426,146	$ 458,795
Power IC	229,926	205,778	218,620
Packaging and testing services and other	2,888	4,119	3,979
License and development services	13,841	21,231	9,927
	$ 696,162	$ 657,274	$ 691,321

Long-lived assets, net consisting of property, plant and equipment and land use rights, net, as well as operating lease right-of-use assets, net by geographical area are as follows:

	June 30,	
	2025	2024
	(in thousands)	
China	$ 99,389	$ 106,666
United States	230,518	249,791
Other countries	5,478	5,212
	$ 335,385	$ 361,669

14. Restricted Net Assets

Laws and regulations in China permit payments of dividends by the Company's subsidiaries in China only out of their retained earnings, if any, as determined in accordance with China accounting standards and regulations. Each China subsidiary is also required to set aside at least 10% of its after-tax profit, if any, based on China accounting standards each year to its statutory reserves until the cumulative amount of such reserves reaches 50% of its registered capital. As a result of these China laws and regulations, the Company's subsidiaries in China are restricted in their abilities to transfer a portion of their net assets to the Company. As of June 30, 2025 and 2024, such restricted portion amounted to approximately $93.9 million and $93.5 million, or 11.4% and 10.5%, of our total consolidated net assets attributable to the Company, respectively. As the Company's subsidiaries in China are not revenue generating operating units, the Company does not expect to repatriate funds in the form of dividends, loans or advances from its subsidiaries in China for working capital and other funding purposes.

15. Commitments and Contingencies

Purchase commitments

As of June 30, 2025 and 2024, the Company had approximately $85.9 million and $100.8 million, respectively, of outstanding purchase commitments primarily for purchases of semiconductor raw materials, wafers, spare parts, packaging and testing services and others.

As of June 30, 2025 and 2024, the Company had approximately $14.1 million, and $6.9 million, respectively, of commitments for the purchase of property and equipment.

Other commitments

See Notes 1, 7 and 8 to the Consolidated Financial Statements contained in this annual Report on Form 10-K for descriptions of commitments including Joint Venture, bank borrowings and leases.

Contingencies and indemnities

The Company has in the past, and may from time to time in the future, become involved in legal proceedings arising from the normal course of business activities. The semiconductor industry is characterized by frequent claims and litigation, including claims regarding patent and other intellectual property rights as well as improper hiring practices. Irrespective of the validity of such claims, the Company could incur significant costs in the defense of such claims and suffer adverse effects on its operations.

As previously disclosed, the Company cooperated with the Department of Commerce (“DOC”) in connection with its administrative investigation regarding certain transactions by the Company. On July 2, 2025, the Company announced that it reached a settlement agreement with DOC to close its investigation, pursuant to which the Company agreed to make a one-time payment of $4.25 million, which was recorded in the accrued liability in the consolidated balance sheet as of June 30, 2025. The resolution does not impact the Company’s ongoing business operations.

The Company is a party to a variety of agreements that it has contracted with various third parties. Pursuant to these agreements, the Company may be obligated to indemnify another party to such an agreement with respect to certain matters. Typically, these obligations arise in the context of contracts entered into by the Company, under which the Company customarily agrees to hold the other party harmless against losses arising from a breach of representations and covenants related to such matters as title to assets sold, certain intellectual property rights, specified environmental matters and certain income taxes. In these circumstances, payment by the Company is customarily conditioned on the other party making a claim pursuant to the procedures specified in the particular contract, which procedures typically allow the Company to challenge the other party's claim. Further, the Company's obligations under these agreements may be limited in time and/or amount, and in some instances, the Company may have recourse against third parties for certain payments made by it under these agreements. The Company has not historically paid or recorded any material indemnifications, and no accrual was made at June 30, 2025 and 2024.

The Company has agreed to indemnify its directors and certain employees as permitted by law and pursuant to its Bye-laws, and has entered into indemnification agreements with its directors and executive officers. The Company has not recorded a liability associated with these indemnification arrangements, as it historically has not incurred any material costs associated with such indemnification obligations. Costs associated with such indemnification obligations may be mitigated by insurance coverage that the Company maintains. However, such insurance may not cover any, or may cover only a portion of, the amounts the Company may be required to pay. In addition, the Company may not be able to maintain such insurance coverage at reasonable cost, if at all, in the future.

Environmental matters

The Company is subject to various federal, state, local, and foreign laws and regulations governing environmental matters, including the use, handling, discharge, and disposal of hazardous materials. The Company believes that it has been in material compliance with applicable environmental regulations and standards. Complying with current laws and regulations has not had a material adverse effect on the Company's financial condition and results of operations. However, it is possible that additional environmental issues may arise in the future, which the Company cannot currently predict.

16. Subsequent Event

In July 2025, the Company entered into an equity transfer agreement with a third-party strategic investor to sell approximately 20.3% of outstanding equity interest in the JV Company. Pursuant to the equity transfer agreement, the investor agreed to pay the Company an aggregate cash consideration of $150 million for such equity interest, which will be paid in four installments, subject to satisfaction of certain conditions.

SCHEDULE II

ALPHA AND OMEGA SEMICONDUCTOR LIMITED
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Allowance for Doubtful Accounts	Allowance for Price Adjustments	Valuation Allowance for Deferred Tax Assets
June 30, 2022	$ 30	$ 18,731	$ 5,755
Additions	—	165,543	931
Reductions	—	(144,298)	—
June 30, 2023	$ 30	$ 39,976	$ 6,686
Additions	—	204,153	580
Reductions	—	(202,440)	—
June 30, 2024	$ 30	$ 41,689	$ 7,266
Additions	—	204,555	1,485
Reductions	—	(205,442)	—
June 30, 2025	$ 30	$ 40,802	$ 8,751

(b) Index to Exhibits:

Number	Description
3.1	Memorandum of Association of Registrant (incorporated by reference to Exhibit 3.1 from Registration Statement on Form F-1 (File No. 333-165823) filed with the Commission on March 31, 2010)
3.2	Amended and Restated Bye-laws of Registrant (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the Commission on November 12, 2015)
3.3	Amendment No. 1 to Amended and Restated Bye-Laws of Registrant (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the Commission on November 14, 2017)
4.1	Form of Common Share Certificate (incorporated by reference to Exhibit 4.2 from Registration Statement on Form F-1 (File No. 333-165823) filed with the Commission on March 31, 2010)
4.2	Description of Securities of the Registrant (incorporated by reference to Exhibit 4.2 on to the Annual Report on Form 10-K (File No. 001-34717) filed with the Commission on August 29, 2023)
10.1††	Foundry Agreement dated as of January 10, 2002 between the Registrant and Shanghai Hua Hong NEC Electronics Company, Limited (incorporated by reference to Exhibit 10.16 from Registration Statement on Form F-1 (File No. 333-165823) filed with the Commission on March 31, 2010)
10.2††	First Addendum to Foundry Agreement dated as of July 28, 2005 between the Registrant and Shanghai Hua Hong NEC Electronics Company, Limited (incorporated by reference to Exhibit 10.17 from Registration Statement on Form F-1 (File No. 333-165823) initially filed with the Commission on March 31, 2010)
10.3††	Second Addendum to Foundry Agreement dated as of April 11, 2007 between the Registrant and Shanghai Hua Hong NEC Electronics Company, Limited (incorporated by reference to Exhibit 10.18 from Registration Statement on Form F-1 (File No. 333-165823) filed with the Commission on March 31, 2010)
10.4††	Foundry Service Agreement dated as of November 2, 2009 between Alpha & Omega Semiconductor (Macau), Ltd. and Shanghai Hua Hong NEC Electronics Company, Limited (incorporated by reference to Exhibit 10.6 from Registration Statement on Form F-1 (File No. 333-165823) filed with the Commission on March 31, 2010)
10.5	Non-Exclusive Distributor Agreement dated as of July 27, 2010 between Alpha & Omega Semiconductor (Hong Kong) Limited and Frontek Technology Corporation (incorporated by reference to Exhibit 4.17 from Annual Report on Form 20-F (File No. 001-34717) filed with the Commission on September 2, 2010)
10.6††	Supplement to Non-Exclusive Distributor Agreement dated as of July 27, 2010 between Alpha & Omega Semiconductor (Hong Kong) Limited and Frontek Technology Corporation (incorporated by reference to Exhibit 4.18 from Annual Report on Form 20-F (File No. 001-34717) filed with the Commission on September 2, 2010)
10.7††	First Amendment of Supplement to Distribution Agreement dated as of April 21, 2011 between Alpha & Omega Semiconductor (Hong Kong) Limited and Frontek Technology Corporation(incorporated by reference to Exhibit 10.15 from Annual Report Form 10-K (File No. 001-34717) filed with the Commission on September 9, 2011)
10.8	Non-Exclusive Distributor Agreement dated as of July 27, 2010 between Alpha & Omega Semiconductor (Hong Kong) Limited and Promate Electronic Co., Ltd. (incorporated by reference to Exhibit 4.19 from Annual Report on Form 20-F (File No. 001-34717) filed with the Commission on September 2, 2010)
10.9††	Supplement to Non-Exclusive Distributor Agreement dated as of July 27, 2010 between Alpha & Omega Semiconductor (Hong Kong) Limited and Promate Electronic Co., Ltd. (incorporated by reference to Exhibit 4.20 from Annual Report on Form 20-F (File No. 001-34717) filed with the Commission on September 2, 2010)
10.10††	First Amendment of Supplement to Distribution Agreement dated as of April 21, 2011 between Alpha & Omega Semiconductor (Hong Kong) Limited and Promate Electronic Co., Ltd. (incorporated by reference to Exhibit 10.18 from Annual Report Form 10-K (File No. 001-34717) filed with the Commission on September 9, 2011)
10.11	Supplement to Distribution Agreement dated as of July 27, 2010 between the Registrant and Promate Electronic Co., Ltd (incorporated by reference to Exhibit 10.2 from Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on February 6, 2015)

10.12	Lease dated as of December 23, 2009 between Alpha and Omega Semiconductor Incorporated and OA Oakmead II, LLC (incorporated by reference to Exhibit 10.19 from Registration Statement on Form F-1 (File No. 333-165823) filed with the Commission on March 31, 2010)
10.13	Guarantee dated as of January 5, 2010 between the Registrant and OA Oakmead II, LLC (incorporated by reference to Exhibit 10.20 from Registration Statement on Form F-1 (File No. 333-165823) filed with the Commission on March 31, 2010)
10.14	Third Addendum to Foundry Agreement dated as of March 6, 2012 by and among the Registrant and Shanghai Hua Hong NEC Electronics Company, Limited (incorporated by reference to Exhibit 10.34 from Annual Report on Form 10-K (File No.: 001-34717) filed with the Commission on August 31, 2012)
10.15 (+)	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on February 9, 2017)
10.16	First Amendment to Lease dated as of December 23, 2009 between Alpha and Omega Semiconductor Incorporated and ECI Five Oakmead, LLC (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on May 11, 2020)
10.17	Alpha & Omega Semiconductor Limited 2018 Omnibus Incentive Plan (as amended and restated effective as of November 9, 2023) (incorporated by reference to Appendix A to the Definitive Proxy Statement on Schedule 14A filed with the Commission on September 25, 2023)
10.18	Amendment to Market Performance Restricted Share Unit Agreement (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on November 6, 2020)
10.19	Alpha & Omega Semiconductor Limited 2018 Employee Purchase Plan (as amended and restated effective as of November 7, 2024) (incorporated by reference to Appendix A to the definitive proxy statement on Schedule 14A (File No. 001-34717) filed with the Commission on September 25, 2024)
10.20(+)	2021 Officer Form Retention Agreement for Executive Officers of Alpha and Omega Semiconductor Limited (incorporated by reference to Exhibit 10.45 from Annual Report on Form 10-K (File No. 001-34717) filed with the Commission on August 30, 2021)
10.21(+)	Second Amendment To Lease US Sunnyvale Office (incorporated by reference to Exhibit 10.47 from Annual Report on Form 10-K (File No. 001-34717) filed with the Commission on August 30, 2021)
10.22(+)	Third Amendment To Lease US Sunnyvale Office (incorporated by reference to Exhibit 10.48 from Annual Report on Form 10-K (File No. 001-34717) filed with the Commission on August 30, 2021)
10.23	Amended and Restated Director Compensation Policy (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on November 5, 2021)
10.24	Fourth Addendum to Foundry Agreement dated as of July 28, 2005 between the Registrant and Shanghai Hua Hong NEC Electronics Company, Limited (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on May 10, 2022)
10.25	Fifth Addendum to Foundry Agreement dated as of July 28, 2005 between the Registrant and Shanghai Hua Hong NEC Electronics Company, Limited (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on May 10, 2022)
10.26	Executive Chairman Employment Agreement (Mike Chang) (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on May 8, 2023)
10.27	Chief Executive Officer Employment Agreement (Stephen Chang) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on May 8, 2023)
10.28	Market Performance Restricted Share Unit Agreement, (incorporated by reference to Exhibit 10.32 to the Annual Report on Form 10-K (File No. 001-34717) filed with the Commission on August 23, 2024)
10.29	The Fourth Supplement to Non-Exclusive Distributor Agreement dated as of January 1, 2024 between Alpha & Omega Semiconductor (Hong Kong) Limited and Frontek Technology Corporation, (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on February 6, 2025)

10.30	Fifth Supplement to Distribution Agreement dated as of July 1, 2024 between Alpha & Omega Semiconductor (Hong Kong) Limited and Frontek Technology Corporation (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on February 6, 2025)
10.31	Fourth Supplement to Distribution Agreement dated as of July 1, 2024 between Alpha & Omega Semiconductor (Hong Kong) Limited and Promate Electronic Co., Ltd. (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q (File No. 001-34717) filed with the Commission on February 6, 2025)
10.32	Calendar Year 2025 Executive Incentive Cash Bonus Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10Q (File No. 001-34717) filed with the Commission on May 8, 2025
16.1	Letter from Baker Tilly USA, LLP to the Securities and Exchange Commission (incorporated by reference to Exhibit 16.1 to the Current Report on Form 8-K (File No. 001-34717) filed with the Commission on November 25, 2024)
19.1	Statement of Company Policy Regarding Insider Trading amended and restated on May 11, 2023 (incorporated by reference to Exhibit 19.1 to the Annual Report on Form 10-K (File No. 001-34717) filed with the Commission on August 23, 2024).
21.1*	List of Subsidiaries of the Registrant
23.1*	Consent of Deloitte & Touche LLP, independent registered public accounting firm
23.2*	Consent of Baker Tilly US, LLP, independent registered public accounting firm
31.1*	Certification of Chief Executive Officer required by Rule 13(a)-14(a) under the Exchange Act
31.2*	Certification of Chief Financial Officer required by Rule 13(a)-14(a) under the Exchange Act
32.1*	Certification of Chief Executive Officer required by Rule 13a-14(b) under the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code
32.2*	Certification of Chief Financial Officer required by Rule 13a-14(b) under the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code
97	Compensation of Recoupment Policy dated October 2, 2023 (incorporated by reference to Exhibit 97 to the Annual Report on Form 10-K (File No. 001-34717) filed with the Commission on August 23, 2024)
99.1*	Chongqing Alpha and Omega Semiconductor Limited Report of Independent Auditor
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

* Filed with this Annual Report on Form 10-K.
† Certain provisions in this exhibit have been omitted as confidential information.

†† Confidential treatment has been granted for certain information contained in this document pursuant to an order of the Securities and Exchange Commission. Such information has been omitted and filed separately with the Securities and Exchange Commission.

(+) Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

August 28, 2025

ALPHA AND OMEGA SEMICONDUCTOR LIMITED

By: /s/ STEPHEN C. CHANG

Stephen C. Chang
Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Stephen C. Chang and Yifan Liang, and each or any one of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ STEPHEN C. CHANG **Stephen C. Chang**	Chief Executive Officer and Director (Principal Executive Officer)	August 28, 2025
/s/ YIFAN LIANG **Yifan Liang**	Chief Financial Officer and Corporate Secretary (Principal Financial Officer and Principal Accounting Officer)	August 28, 2025
/s/ MIKE F. CHANG **Mike F. Chang, Ph.D.**	Chairman of the Board and Executive Vice President of Strategic Initiatives	August 28, 2025
/s/ LUCAS S. CHANG **Lucas S. Chang**	Director	August 28, 2025
/s/ CLAUDIA CHEN **Claudia Chen**	Director	August 28, 2025
/s/ SO-YEON JEONG **So-Yeon Jeong**	Director	August 28, 2025
/s/ HANQING (HELEN) LI **Hanqing (Helen) Li**	Director	August 28, 2025
/s/ KING OWYANG **King Owyang**	Director	August 28, 2025
/s/ MICHAEL L. PFEIFFER **Michael L. Pfeiffer**	Director	August 28, 2025
/s/ MICHAEL J. SALAMEH **Michael J. Salameh**	Director	August 28, 2025

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

Subsidiary Name	Incorporated Location	Percentage Owned
Alpha and Omega Semiconductor Incorporated	California, United States	100% owned by AOS
Alpha and Omega Semiconductor (Cayman) Ltd.	Cayman	100% owned by AOS
Alpha and Omega Semiconductor (Shanghai) Co., Ltd.	China	100% owned by AOS
Alpha & Omega Semiconductor (Shenzhen) Limited	China	100% owned by AOS
Alpha & Omega Semiconductor (Hong Kong) Limited	Hong Kong	100% owned by AOS
Alpha & Omega Semiconductor (Macau), Ltd.	Macau	100% owned by AOS
Alpha & Omega Semiconductor (Taiwan) Limited	Taiwan	100% owned by AOS
Alpha & Omega Semiconductor (Germany) GmbH	Germany	100% owned by AOS
Agape Package Manufacturing Ltd.	Cayman	100% owned by AOS
Agape Limited	Hong Kong	100% owned by AOS
Jireh Semiconductor Incorporated	Oregon, United States	100% owned by AOS
Chongqing Alpha and Omega Semiconductor Limited	Chongqing, China	39.2% owned by AOS
Alpha and Omega Semiconductor International LP	Canada	100% owned by AOS
Alpha and Omega Semiconductor (Delaware) LLC	Delaware, United States	100% owned by AOS
Alpha and Omega Electronic Technology (Shanghai) Co., Ltd.	China	100% owned by AOS
Alpha and Omega Semiconductor (India) Limited	India	100% owned by AOS
Alpha and Omega Semiconductor (UK) Limited	United Kingdom	100% owned by AOS

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement (Nos. 333-279211, 333-269638, 333-261036, 333-228297, 333-207987, 333-190935, 333-186480, 333-180126, 333-172173, and 333-166403) on Form S-8 of our reports dated August 28, 2025, relating to the financial statements of Alpha and Omega Semiconductor Limited and the effectiveness of Alpha and Omega Semiconductor Limited's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended June 30, 2025.

/s/ Deloitte & Touche LLP

San Jose, California
August 28, 2025

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-279211, 333-269638, 333-261036, 333-228297, 333-207987, 333-190935, 333-186480, 333-180126, 333-172173, and 333-166403) of Alpha and Omega Semiconductor Limited of our report dated August 23, 2024 (August 28, 2025, as to the effects of the adoption of ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, described in Note 13), relating to the consolidated financial statements, and the financial statement schedule of Alpha and Omega Semiconductor Limited, appearing in this Annual Report on Form 10-K of Alpha and Omega Semiconductor Limited for the year ended June 30, 2025.

/s/ BAKER TILLY US, LLP
Santa Clara, California

August 28, 2025

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen C. Chang, certify that:

1. I have reviewed this report on Form 10-K of Alpha and Omega Semiconductor Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 28, 2025

/s/ Stephen C. Chang

Stephen C. Chang
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Yifan Liang, certify that:

1. I have reviewed this report on Form 10-K of Alpha and Omega Semiconductor Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 28, 2025

/s/ YIFAN LIANG

Yifan Liang
Chief Financial Officer
and Corporate Secretary

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen C. Chang, the chief executive officer of Alpha and Omega Semiconductor Limited (the “Company”), certify for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge,

a. the Annual Report of the Company on Form 10-K for the fiscal year ended June 30, 2025 (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
b. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 28, 2025

/s/ Stephen C. Chang

Stephen C. Chang
Chief Executive Officer

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Yifan Liang, the chief financial officer of Alpha and Omega Semiconductor Limited (the "Company"), certify for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge,

a. the Annual Report of the Company on Form 10-K for the fiscal year ended June 30, 2025 (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
b. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 28, 2025

/s/ YIFAN LIANG

Yifan Liang
Chief Financial Officer
and Corporate Secretary

Exhibit 99.1

Chongqing Alpha and Omega Semiconductor Limited
Index to Financial Statements

	Pages
Report of Independent Auditor	**F-2**
Balance Sheets as of December 31, 2024 and 2023	**F-4**
Statements of Operations for the Years Ended December 31, 2024 and 2023	**F-5**
Statements of Equity for the Years Ended December 31, 2024 and 2023	**F-6**
Statements of Cash Flows for the Years Ended December 31, 2024 and 2023	**F-7**
Notes to Financial Statements	**F-8**

REPORT OF INDEPENDENT AUDITOR

The Board of Directors of Chongqing Alpha and Omega Semiconductor Limited

Opinion

We have audited the financial statements of Chongqing Alpha and Omega Semiconductor Limited ("the Company") which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, equity and cash flows for the years ended December 31, 2024 and 2023, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years ended December 31, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The financial statements of the Company have been prepared with the purpose of providing financial information to Alpha and Omega Semiconductor Limited ("AOS") to assist AOS in satisfying its reporting responsibilities under Regulation S-X, Rule 3-09.

Convenience Translation

Our audits also comprehended the translation of Renminbi amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1(d) to the financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside the People's Republic of China.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, the People's Republic of China

August 20, 2025

CHONGQING ALPHA AND OMEGA SEMICONDUCTOR LIMITED
BALANCE SHEETS
(In thousands)

	Notes	December 31,		
		2023	2024	
		RMB	RMB	US$ (Note 1(d))
ASSETS				
Current assets:				
Cash and cash equivalents	3	168,471	199,491	27,332
Restricted cash, current		-	20,441	2,801
Accounts receivable, net of allowance for credit losses of RMB21 and RMB2, respectively		20,950	29,811	4,084
Amounts due from related parties, net of allowance for credit losses of RMB157 and RMB4,927, respectively	14	153,990	169,281	23,193
Inventories	4	295,779	303,782	41,621
Prepayments and other current assets	5	11,625	13,438	1,841
Total current assets		**650,815**	**736,244**	**100,872**
Property and equipment, net	6	2,023,919	1,997,829	273,720
Land use right, net		51,912	50,703	6,947
Intangible assets, net	7	281,107	221,648	30,368
Operating lease right-of-use assets, net	10	71,757	58,703	8,043
Restricted cash, non-current		14,000	-	-
Other long-term assets		22,699	5,491	752
Total non-current assets		**2,465,394**	**2,334,374**	**319,830**
TOTAL ASSETS		**3,116,209**	**3,070,618**	**420,702**
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable		107,976	138,215	18,936
Amounts due to related parties	14	65,612	48,024	6,580
Accrued and other liabilities	8	247,044	271,789	37,237
Short-term debts	9	183,798	54,920	7,525
Operating lease liabilities	10	8,288	7,618	1,044
Total current liabilities		**612,718**	**520,566**	**71,322**
Long-term debts	9	451,440	561,340	76,909
Operating lease liabilities - long-term	10	64,549	51,646	7,076
Total non-current liabilities		**515,989**	**612,986**	**83,985**
TOTAL LIABILITIES		**1,128,707**	**1,133,552**	**155,307**
Commitments and contingencies (Note 15)				
Equity:				
Paid-in capital	11	2,817,675	2,806,620	384,532
Additional paid-in capital	11	308,567	309,276	42,373
Accumulated deficit		(1,138,740)	(1,178,830)	(161,510)
TOTAL EQUITY		**1,987,502**	**1,937,066**	**265,395**
TOTAL LIABILITIES AND EQUITY		**3,116,209**	**3,070,618**	**420,702**

The accompanying notes are an integral part of the financial statements.

CHONGQING ALPHA AND OMEGA SEMICONDUCTOR LIMITED
STATEMENTS OF OPERATIONS
(In thousands)

	Note	For the years ended		
		2023	2024	
		RMB	RMB	US$ (Note 1(d))
Revenue (include RMB708,070 and RMB718,959 from related parties for the years ended December 31, 2023 and 2024, respectively)		883,756	981,947	134,535
Cost of goods sold		912,451	938,964	128,646
Gross (loss) profit		**(28,695)**	42,983	**5,889**
Operating expenses:				
Research and development		29,472	29,114	3,989
Selling, general and administrative		34,444	43,973	6,025
Other operating income, net		(13)	-	-
Total operating expenses		**63,903**	**73,087**	**10,014**
Operating loss		(92,598)	**(30,104)**	**(4,125)**
Interest expense, net		(25,143)	(16,382)	(2,244)
Other income, net		3,068	6,396	876
Net loss before income taxes		(114,673)	**(40,090)**	**(5,493)**
Income tax expense	13	-	-	-
Net loss		(114,673)	**(40,090)**	**(5,493)**

The accompanying notes are an integral part of the financial statements.

CHONGQING ALPHA AND OMEGA SEMICONDUCTOR LIMITED
STATEMENTS OF EQUITY
(In thousands)

	Paid-in capital	Additional paid-in capital	Accumulated deficit	Total
	RMB	RMB	RMB	RMB
Balance at December 31, 2022	2,817,675	308,567	(1,024,067)	2,102,175
Net loss	-	-	(114,673)	(114,673)
Balance at December 31, 2023	2,817,675	308,567	(1,138,740)	1,987,502
Repurchase of restricted shares under Employee Stock Purchase Plan	(11,055)	709	-	(10,346)
Net loss	-	-	(40,090)	(40,090)
Balance at December 31, 2024	2,806,620	309,276	(1,178,830)	1,937,066

The accompanying notes are an integral part of the financial statements.

CHONGQING ALPHA AND OMEGA SEMICONDUCTOR LIMITED
STATEMENTS OF CASH FLOWS
(In thousands)

	For the Years ended December 31		
	2023	2024	
	RMB	RMB	US$ (Note 1(d))
Cash flows from operating activities:			
Net loss	(114,673)	(40,090)	(5,493)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Allowance for credit losses	(68)	4,751	651
Inventory write-down	5,434	5,466	749
Impairment of property and equipment	7,975	2,977	408
Noncash lease expenses	8,090	7,498	1,027
Depreciation and amortization	209,248	205,636	28,174
Loss on disposal of property and equipment	299	192	26
Foreign currency exchange loss	676	(6,987)	(957)
Changes in assets and liabilities:			
Accounts receivable	(18,006)	(8,843)	(1,212)
Amounts due from related parties, net	88,050	(20,060)	(2,748)
Inventories	83,703	(13,469)	(1,845)
Prepayments and other current assets	6,167	(1,814)	(249)
Accounts payable	11,278	30,239	4,145
Amounts due to related parties	(30,927)	(17,942)	(2,458)
Accrued and other liabilities	(41,286)	13,620	1,866
Operating lease liabilities	(8,241)	(8,017)	(1,099)
Net cash provided by operating activities	207,719	153,157	20,985
Cash flows from investing activities:			
Purchase of property and equipment	(318,048)	(132,977)	(18,219)
Disposal of property and equipment	119	210	29
Net cash used in investing activities	(317,929)	(132,767)	(18,190)
Cash flows from financing activities:			
Proceeds from bank borrowings	450,000	170,000	23,291
Repayments of bank borrowings	(452,751)	(189,540)	(25,969)
Prepayment received from an investor	-	40,000	5,480
Principal payments on financing leases	(23,000)	-	-
Payment of share repurchase	-	(10,346)	(1,417)
Net cash (used in) provided by financing activities	(25,751)	10,114	1,385
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2,215	6,957	953
Net (decrease) increase in cash, cash equivalents and restricted cash	(133,746)	37,461	5,133
Cash, cash equivalents and restricted cash at the beginning of the year	316,217	182,471	25,000
Cash, cash equivalents and restricted cash at end of the year	**182,471**	**219,932**	**30,133**
Supplemental disclosures of cash flow information:			
Cash and cash equivalents	168,471	199,491	27,332
Restricted cash, current	-	20,441	2,801
Restricted cash, non-current	14,000	-	-
Total cash and cash equivalents and restricted cash	**182,471**	**219,932**	**30,133**
Cash paid for interest	26,366	18,509	2,536
Supplemental disclosures of non-cash investing information:			
Property and equipment purchased during the current period but not yet paid	67,954	32,271	4,421

The accompanying notes are an integral part of the financial statements.

1. The Company and Significant Accounting Policies

(a) History and Principal Activities

Chongqing Alpha and Omega Semiconductor Limited ("CQAOS", "the Company") was incorporated in Chongqing, China on April 22, 2016. It was invested by Alpha and Omega Semiconductor Limited ("AOS") with two investment funds owned by the Municipality of Chongqing (the "Chongqing Funds") by entering into a joint venture contract, for the purpose of constructing and operating a power semiconductor assembling, testing and wafer fabrication facility in the Liangjiang New Area of Chongqing, the People's Republic of China.

(b) Basis of presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

(c) Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires the Company to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. To the extent there are material differences between these estimates and actual results, the Company's financial statements will be affected. On an ongoing basis, the Company evaluates the estimates, judgments and assumptions including principal-versus-agent determination for revenue recognition, allowance for credit loss, inventory reserves, warranty accrual, income taxes, leases, impairment and useful lives for property and equipment and intangible assets.

(d) Foreign currency transaction and translation

Foreign currency transactions are translated into the functional currencies using the exchange rates prevailing at the beginning of the month. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the re-measurement of monetary assets and liabilities denominated in foreign currencies using exchange rates at month end, are recognized in the statements of operations.

The Company's reporting currency and functional currency is Renminbi ("RMB"). Translations of balances in the balance sheets, statements of operations and statements of cash flows from RMB into U.S. Dollars ("US$") as of and for year ended December 31, 2024 are solely for the convenience of the reader and were calculated at the rate of US$1.00 = RMB7.2988 on December 31, 2024, as set forth in H.10 statistical release of the Federal Reserve Board. The translation is not intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into United States dollars at that rate on December 31, 2024, or at any other rate.

(e) Cash, cash equivalents and restricted cash

Cash and cash equivalents primarily consist of cash on hand and short-term bank deposits with original maturities of three months or less. Cash equivalents are highly liquid investments with stated maturities of three months or less as of the dates of purchase. The carrying amounts reported for cash and cash equivalents are considered to approximate fair values based upon their short maturities.

As a condition of the loan arrangements, the Company is required to maintain a margin balance deposit at the issuing bank. The deposit has been excluded from the Company's cash and cash equivalents balance and are classified as restricted cash in the Company's balance sheets.

1. The Company and Significant Accounting Policies - continued

(f) Current expected credit loss

The Company adopted the CECL model since July 1, 2021 and the estimate of expected credit losses will be (1) recognized immediately upon either origination or acquisition and (2) adjusted in each subsequent reporting period. The allowance for credit loss is based on assessment of the collectability of accounts receivable from customers and amount due from related parties. The Company reviews the allowance by considering factors such as historical collection experience, credit quality, and current economic conditions that may affect a customer's ability to pay. The Company writes off a receivable and charges against its recorded allowance when it has exhausted its collection efforts without success.

(g) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

(h) Fair Value of Financial Instruments and others

The fair value of cash equivalents is based on observable market prices and have been categorized in Level 1 in the fair value hierarchy. Cash equivalents consist primarily of short-term bank deposits. The carrying values of financial instruments such as cash and cash equivalents, accounts receivable and accounts payable approximate their carrying values due to their short-term maturities. The carrying value of the Company's debt is considered a reasonable estimate of fair value which is estimated by considering the current rates available to the Company for debt of the same remaining maturities, structure and terms of the debts.

The Company measures certain long-lived assets at fair value on a non-recurring basis in periods after initial measurement in circumstances when the fair value of such assets is below its recorded cost and impairment is required. Fair value of the property and equipment in impairment testing were determined by the Company based on either quoted market price, if available, or the income approach using the discounted cash flows associated with the underlying assets, which incorporated certain assumptions including projected revenue, growth rates and projected operating costs, expectation of management and projected trends of current operating results.

The Company recorded impairment charges of RMB7,975 and RMB2,977 (US$408) for certain property and equipment for the years ended December 31, 2023 and 2024 respectively. The fair value amounts for the impaired property and equipment were RMB0 as of December 31, 2023 and 2024.This fair value measurement of long-lived assets is categorized within Level 3 of the fair value hierarchy, as the measurement amount is based primarily on significant inputs that are not observable in the market. The impairment was recorded in cost of goods sold in its statements of operations.

1. The Company and Significant Accounting Policies - continued

(i) Inventories

The Company carries inventories at the lower of cost or net realizable value. Cost of inventory includes semiconductor wafer and raw materials, labour, depreciation expenses and other manufacturing expenses and overhead, and assembling and testing fees paid to third parties if subcontractors are used. Valuation of inventories are based on the Company's periodic review of inventory quantities on hand as compared with its sales forecasts, historical usage, aging of inventories, production yield levels and current selling prices. If actual market conditions are less favourable than those forecasted by management, additional future inventory write-downs may be required. Once established, adjustments to inventory are not reversed.

(j) Property and equipment, net

Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items and the costs incurred to make the assets ready for their intended use.

Depreciation is provided for on a straight-line basis over the estimated useful lives of the related assets as follows:

	Useful life
Building	20 ~ 30 years
Manufacturing machinery and equipment	10 ~ 15 years
Facility Machinery and Equipment	10 ~ 15 years
Software	3 ~ 10 years
Office furniture and equipment	3 ~ 5 years
Vehicle and other fix asset	4 years
Tooling and instrument	5 years

Construction in progress represent equipment received but the necessary installation has not been fully performed or building construction and leasehold improvements that have been started but not yet completed. Equipment and construction in progress are stated at cost and transferred to respective asset class when fully completed and ready for their intended use.

Software is externally purchased which is amortized over three to ten years on a straight-line basis. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized as selling, general and administrative expenses in the statements of operations. Costs of maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

(k) Land use right, net

The land use rights represent the operating lease prepayments for the rights to use the land in the PRC under Accounting Standards Codification Topic 842, *Leases* ("ASC 842"), which are amortized on a straight-line basis over the remaining term of the land use right. In March 2017, The Company acquired the land use right from the PRC government with a consideration of RMB60,178 (US$8,476). The land use right will expire on November 30, 2066. Amortization expense of land use rights for the years ended December 31, 2023 and 2024 amounted to RMB1,210 and RMB1,210 (US$166) respectively.

1. The Company and Significant Accounting Policies - continued

(l) Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment in accordance with authoritative guidance for impairment or disposal of long-lived assets. Long-lived assets are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Long-lived assets with definite lives are not impaired unless undiscounted cash flow is less than the carrying value, at which time impairment is recorded for the difference between carrying value and fair value.

(m) Government Grants

The Company occasionally receives government grants that provide financial assistance for certain eligible expenditures in China. These grants include reimbursements on interest expense on bank borrowings, payroll related subsidy, as well as other business expansion credits. Grants received as incentives for conducting business in certain local districts with no performance obligation or other restriction as to the use are recognized when cash is received. Grants received with government specified performance obligations are recognized when all the obligations have been fulfilled and cash is received. If such obligations are not satisfied, the Company may be required to refund the subsidy. The Company records such grants either as a reduction of the interest expenses, related expense, or as other income depending upon the nature of the grant. For the year ended December 31, 2024, the Company reduced interest expense by RMB970 (US$133), reduced general and administrative expenses by RMB998 (US$137), reduced research and development expenses by RMB60 (US$8) and recorded other income of RMB821 (US$112) upon receipt of cash from government.

(n) Revenue Recognition

The Company's revenue is derived from the sales of silicon chips and wafer, providing assembly and testing ("A&T") service, and other revenue including sales of raw materials and scrapped materials.

The Company determines revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, a performance obligation is satisfied. The Company recognizes product revenue at a point in time when product is shipped to customer, and service revenue once rendered. The Company presents revenue net of sales taxes. The standard payment terms range from 30 to 90 days.

The Company's performance obligations relate to contracts with a duration of less than one year. The Company elected to apply the practical expedient provided in ASC 606, "Revenue from Contracts with Customers". Therefore, the Company is not required to disclose the aggregate amount of transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The following is a summary of revenue by type:

	Years ended December 31		
	2023	2024	
	RMB	RMB	US$
Product	871,777	971,821	133,148
Others	11,979	10,126	1,387
Total	**883,756**	**981,947**	**134,535**

1. The Company and Significant Accounting Policies - continued

(o) Cost of goods sold

Cost of goods sold primarily consists of costs associated with semiconductor wafers, assembling and testing, shipping and handling, personnel, overhead attributable to manufacturing, impairment loss on manufacturing equipment, operations and procurement, and costs associated with yield improvements, capacity utilization, warranty and valuation of inventories.

(p) Leases

The Company determines if an arrangement is a lease at inception. Right-of-use ("ROU") assets and lease liabilities are recognized for all leases based on the present value of the future minimum lease payments over the lease term at commencement date. The Company uses an estimate of its incremental borrowing rate based on the information available at the lease commencement date. ROU assets also include any lease payments made and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options.

The Company classifies its leases into operating lease and finance lease. Operating leases are included in operating lease ROU assets and operating lease liabilities on the Company's balance sheets. Finance leases are included in property and equipment and finance lease liabilities on the balance sheets. Operating lease expense is recognized on a straight-line basis over the lease term, lease liability is amortized using the effective interest method over the lease period. The Company does not record leases on the balance sheet with a term of one year or less.

The Company leased certain idle manufacture equipment to related parties. The Company determines if an arrangement is a lease at inception. All leases are classified as operating leases and rents are recognized on a straight-line basis over the terms of the leases when collectability is probable, and the lessee has taken possession or controls the physical use of the leased equipment. The leased equipment is recognized in the statement of balance sheets as property and equipment, which lease income, net of depreciation expenses of the leased equipment, is recorded as other operating income, net in the statements of operations.

(q) Product Warranty

The Company provides a standard two-year warranty for the products from the date of purchase by the customers. The Company accrues for estimated warranty costs at the time revenue is recognized. The Company's warranty obligation is affected by product failure rates, labor and material costs for replacing defective products, related freight costs for failed parts and other quality assurance costs. The Company monitors its product returns for warranty claims and maintains warranty reserves based on historical experiences and anticipated warranty claims known at the time of estimation.

1. The Company and Significant Accounting Policies - continued

(r) Provision for Income Taxes

Income tax expense or benefit is based on income or loss before taxes. Deferred tax assets and liabilities are recognized principally for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts.

Significant management judgment is required in determining whether deferred tax assets will be realized in full or in part. When it is more likely than not that all or some portion of specific deferred tax assets such as net operating losses or research and experimentation tax credit carry-forwards will not be realized, a valuation allowance must be established for the amount of the deferred tax assets that cannot be realized. The Company considers all available positive and negative evidence when assessing whether it is more likely than not that deferred tax assets are recoverable. The Company considers evidence such as our past operating results, the existence of cumulative losses in recent years and our forecast of future taxable income.

The Financial Accounting Standards Board ("FASB") issued guidance which clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely to be realized upon ultimate settlement. Although the guidance on the accounting for uncertainty in income taxes prescribes the use of a recognition and measurement model, the determination of whether an uncertain tax position has met those thresholds will continue to require significant judgment by management.

(s) Share-based compensation

The Company grants restricted shares to the certain employees ("Share-based Awards"). The Company accounted for the Share-based Awards in accordance with ASC 718 Compensation—Stock Compensation. Vesting of Share-based Awards is subject to certain service and performance conditions. Employees are not entitled to transfer or redeem the share until twelve months after the Company completes initial public offering ("IPO condition"). Share-based Awards are measured at the grant date fair value using market approach and share-based compensation expenses are amortized on a straight-line basis over the service term but will not be recognized before the IPO condition is satisfied, at which time the cumulatively vested amount will be recognized.

2. Concentration of Credit Risk and Significant Customers

The Company manages its credit risk associated with exposure to customers on outstanding accounts receivable through the application of credit approvals, credit ratings and other monitoring procedures.

Credit sales, which are mainly on credit terms of 30 to 90 days, are only made to customers who meet the Company's credit standards, while sales to new customers or customers with low credit ratings are usually made on an advance payment basis. The Company considers its financial assets to be of good credit quality because its customers have long-standing business relationships with the Company and the Company has not experienced any significant bad debt write-offs of accounts receivable in the past. The Company closely monitors the aging of accounts receivable from customers, and regularly reviews their financial positions, where available.

The only customer whose revenue or accounts receivable balances were 10% or higher than the respective total amounts is the Company's related party, AOS Group. See note 14 for details of balance and transaction with AOS Group.

3. Cash and cash equivalents

	As of December 31,		
	2023	2024	
	RMB	RMB	US$
Cash at bank	168,471	199,491	27,332
Denominated in:			
US$	99,151	131,249	17,982
RMB	69,320	68,242	9,350

Certain cash and bank balances denominated in US$ were deposited with banks in the PRC. The conversion of these US$ denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

4. Inventories

	As of December 31,		
	2023	2024	
	RMB	RMB	US$
Raw materials	171,091	167,020	22,884
Work in progress	92,399	107,915	14,785
Finished goods	32,289	28,847	3,952
Inventories	**295,779**	**303,782**	**41,621**

The Company writes down inventory for any excess or obsolete inventories or when the Company believes that the net realizable value of inventories is less than the carrying value. For the years ended December 31, 2023 and 2024, the Company wrote down inventory of RMB5,434 and RMB5,466 (US$749), respectively.

5. Prepayments and other current assets

	As of December 31,		
	2023	2024	
	RMB	RMB	US$
Prepaid maintenance	414	686	94
Prepayment to supplier	1,744	2,037	279
VAT receivable	6,875	8,339	1,143
Others	2,592	2,376	325
Prepayments and other current assets	**11,625**	**13,438**	**1,841**

6. Property and equipment, net

Property and equipment, net consist of the following:

	As of December 31,		
	2023	2024	
	RMB	RMB	US$
Building	375,359	375,359	51,427
Manufacturing machinery and equipment	1,916,668	2,123,713	290,968
Equipment and tooling	265,001	268,241	36,751
Software	52,379	55,595	7,617
Office furniture and equipment	24,936	24,076	3,299
Vehicle and other fix asset	10,984	14,043	1,924
Long-term deferred expense	345	345	47
less: accumulated depreciation	(973,726)	(1,117,579)	(153,118)
Accumulated impairment loss	(17,721)	(20,698)	(2,836)
Equipment and construction in progress	369,694	274,734	37,641
Property and equipment, net	**2,023,919**	**1,997,829**	**273,720**

The depreciation for property and equipment for the years ended December 31, 2023 and 2024 were RMB148,580 and RMB144,968 (US$19,861) respectively. For the years ended December 31, 2023 and 2024, RMB7,975 and RMB2,977 (US$408) were recognized as impairment loss on manufacturing machinery and equipment, respectively.

7. Intangible assets, net

Intangible assets, net consist of the following:

	As of December 31,		
	2023	2024	
	RMB	RMB	US$
Patents and technology rights	571,243	571,243	78,265
Less: accumulated amortization	(290,136)	(349,595)	(47,897)
Intangible assets, net	**281,107**	**221,648**	**30,368**

The Company amortizes its intangible assets of patents and technology rights relating to power device semiconductors and wafer production over their estimated useful lives of 7 to 15 years. Amortization expenses for the years ended December 31, 2023 and 2024 were RMB59,458 and RMB59,458 (US$8,146), respectively.

Amortization expenses of the above intangible assets are expected to be approximately RMB59,458, RMB59,458, RMB59,458, and RMB43,274 for the years ending December 31, 2025, 2026, 2027, and 2028, respectively.

8. Accrued and other liabilities

	As of December 31,		
	2023	2024	
	RMB	RMB	US$
Accrued compensation and benefits	52,560	70,161	9,613
Accrued property and equipment	147,326	119,044	16,310
Warranty accruals	7,318	5,905	809
Accrued interest	1,703	472	65
Advance from customers	586	2,054	281
Advance payment from an investor		40,000	5,480
Others	37,551	34,153	4,679
Accrued and other liabilities	**247,044**	**271,789**	**37,237**

On December 30, 2024, the Company signed an investment agreement with an investor, pursuant to which the investor agreed to invest RMB500 million in the Company in three installments. The Company received the first installment of RMB40 million on December 31, 2024. The remaining installments were expected to be paid by July 31, 2025, but have not been received as of the issuance date of the audited financial statements. Taking into account that the Company completed the registration of the issuance of equity interest to the investor with the local government authority on January 15, 2025, the first instalment received was recorded as advance payment from an investor as of December 31, 2024.

9. Bank borrowings

Long-term debts

On March 12, 2019, the Company entered into a six-year credit facility agreement with Export-Import Bank of China in the aggregate principal amount of RMB200 million. The Company drew-down the whole facility in 2019. The interest was initially calculated based on the five-year Loan Prime Rate in China ("LPR") multiplied by 110%, subsequent to February 2, 2023, the interest is calculated based on the five-year Loan Prime Rate in China ("LPR") minus 10 basis points and shall be paid quarterly, and the interest rate is adjusted on February 3, May 3, August 3 and December 3 every year. This loan is secured by the buildings and certain equipment and land-use rights owned by the Company with a carrying value of RMB510 million as of December 31, 2024. As a condition of the loan arrangements, RMB14 million of cash is held as restricted cash by the Company as a deposit at the Company's bank until the principal is paid. As of December 31, 2024, the outstanding balance of the loan was RMB23 million.

On December 18, 2019, the Company entered into a five-year loan agreement with China Development Bank in the amount of US$24.0 million. The interest was initially calculated based on the London Inter-Bank Offered Rate ("LIBOR") of 6 months plus 2.8%, subsequent to June 30, 2023, the benchmark of interest rate was modified to Secured Overnight Financing Rate ("SOFR"), and the credit spread was increased to 3.23% and Interest rates are adjusted daily. This loan is secured by certain equipment and 100 patents owned by the Company with a carrying value of RMB1,052 million as of December 31, 2023. This loan shares collateral rights with the RMB250 million long-term loan signed on April 26, 2020. As of January 26, 2024, the principal and interest of the loan have been fully repaid, and then collateral has been released.

9. Bank borrowings - continued

Long-term debts - continued

On April 26, 2020, the Company entered into a five-year credit facility agreement with China Development Bank, Agricultural Bank of China, China Merchants Bank and Chongqing Rural Commercial Bank (collectively, "the Banks") in the aggregate principal amount of RMB250 million. The interest rate is calculated as the one-year LPR plus 1.3%, and interest rate is adjusted January 1 every year. This loan shares collateral rights with the US$24 million long-term loan signed on December 18, 2019. As of February 1, 2024, the principal and interest of the loan have been fully repaid, and then collateral has been released.

On July 17, 2023, the Company entered into a three-year loan agreement with China Merchants Bank to borrow a maximum of RMB200 million. There are certain financial covenants including quarterly sales and debt to assets ratio. The Company was fully in compliance with the covenants as of December 31, 2024 related to this facility. The maximum interest rate is calculated as the one-year LPR minus 65 basis points, and interest rate is adjusted July 19 every year. This loan is secured by certain equipment owned by the Company with a carrying value of RMB151 million as of December 31, 2024. As of December 31, 2024, the outstanding loan amount was RMB180 million.

On August 25, 2023, the Company entered into a three-year loan agreement with Bohai Bank to borrow a maximum of RMB100 million. The interest rate is fixed upon drawdown that calculated as the one-year LPR plus 40 basis points. On August 31, 2023, the Company drew down RMB20 million. As of December 31, 2024, the outstanding loan amount was RMB20 million.

On November 2, and December 25, 2023, the Company entered into three-year loan agreements with China Everbright Bank to borrow RMB50 million and RMB30 million. The interest rates are calculated respectively as five-year LPR minus 120 basis points and 160 basis points, and interest rate are respectively adjusted November 2 and December 25 every year. As of December 31, 2024, the outstanding loan amount was RMB80 million.

On December 5 and 20, 2023, the Company entered into three-year loan agreements with Export-Import Bank of China to borrow respectively RMB50 million and RMB100 million. The interest rate is fixed upon drawdown that calculated as the one-year LPR minus 75 basis points. As of December 31, 2024, the outstanding amount of the loans was RMB150 million.

On January 3, 2024, the Company entered into a three-year loan agreement with China Everbright Bank to borrow RMB20 million. The interest rate is calculated as the five-year LPR minus 160 basis points, and interest rate is adjusted January 3 every year. As of December 31, 2024, the outstanding loan amount was RMB20 million.

On January 29, 2024, the Company entered into a three-year loan agreement with China Citic Bank borrow a maximum of RMB60 million, then respectively drew down RMB30 million on January 29 and February 4, 2024. The interest rate is calculated as the one-year LPR minus 80 basis points, and interest rate are respectively adjusted January 29 and February 4 every year. As of December 31, 2024, the outstanding loan amount was RMB57 million.

On February 27, 2024, the Company entered into a three-year loan agreement with China Citic Bank borrow RMB40 million. The interest rate is calculated as the one-year LPR minus 80 basis points, and interest rate is adjusted February 27 every year. As of December 31, 2024, the outstanding loan amount was RMB38 million.

On April 1, 2024, the Company entered into a loan agreement with Export-Import Bank of China borrow RMB50 million for 36 months The interest rate is fixed upon drawdown that calculated as the one-year LPR minus 85 basis points. As of December 31, 2024, the outstanding loan amount was RMB50 million.

9. Bank borrowings - continued

Long-term debts - continued

December 31,	**RMB**	**US$**
2025	54,920	7,525
2026	417,240	57,166
2027	144,100	19,743
Total principal of debt	616,260	84,434
Less: debt issuance costs	-	-
Total principal of debt, less debt issuance costs	**616,260**	**84,434**

	Short-Term Debt		**Long-Term Debt**		**Total**	
	RMB	**US$**	**RMB**	**US$**	**RMB**	**US$**
Principal amount	-	-	616,260	84,434	616,260	84,434
Add: mature in one year	54,920	7,525	(54,920)	(7,525)	-	-
Total	**54,920**	**7,525**	**561,340**	**76,909**	**616,260**	**84,434**

Financing lease

On May 9, 2018 (the "Effective Date"), the Company entered into a lease finance agreement and a security agreement (the "Agreements") with YinHai Leasing Company and China Import/Export Bank (the "Lenders"). Pursuant to the Agreements, the Lenders agree to provide an aggregate of RMB400 million of financing to the Company (the "Lease Financing"). In exchange for the Lease Financing, the Company agrees to transfer title of its assembly and testing equipment to the Lenders, and the Lenders lease such equipment to the Company under a five-year lease arrangement, pursuant to which the Company makes quarterly lease payments to the Lenders consisting of principal and interest based on a repayment schedule mutually agreed by the parties. The interest under the Lease Financing is accrued based on the five-year LPR multiplied by 1.15. Under the Agreements, at the end of the five-year lease term, the Lenders agree to sell such equipment back to the Company for a nominal amount RMB0.001. The Company's obligations under the Lease Financing are secured by the land and building

The lease financing shares the collateral rights both with the loan of RMB200 million signed on March 12, 2019 and the loan of RMB200 million signed on July 19, 2022 with The Export-Import Bank of China. The proceeds from the Lease Financing were used primarily for the acquisition and installation of the 12-inch fabrication equipment and other expenses of the Company relating to the completion of the fabrication facility located in Chongqing. The Agreements contain customary representation, warranties and covenants, including restrictions on the transfer of the Collateral. The Agreements also contain customary events of default, including but are not limited to, failure to make payments and breach of material terms under the Agreements. On June 28, 2020, the parties entered into a modification to this agreement as a result of a change in the bank reference rate, pursuant to which the interest rate was changed to be the five-year LPR plus 0.8125%. Other terms of this agreement remain the same. As of March 31, 2023, the financing leases has been fully repaid.

10. Lease

The Company evaluates contracts for lease accounting at contract inception and assesses lease classification at the lease commencement date. Operating leases are included in operating lease ROU assets, operating lease liabilities and operating lease liabilities - long-term on the Company's balance sheets. Finance leases are included in property and equipment, finance lease liabilities and finance lease liabilities-long-term on the balance sheets. The Company recognizes a ROU asset and corresponding lease obligation liability at the lease commencement date where the lease obligation liability is measured at the present value of the minimum lease payments. As most of the leases do not provide an implicit rate, the Company uses its incremental borrowing rate at lease commencement. The Company uses an interest rate commensurate with the interest rate to borrow on a collateralized basis over a similar term with an amount equal to the lease payments. Operating leases are primarily related to offices facilities, employee apartments, and gas tank equipment. Lease agreements frequently include renewal provisions and require the Company to pay real estate taxes, insurance and maintenance costs. For operating leases, the amortization of the ROU asset and the accretion of its lease obligation liability result in a single straight-line expense recognized over the lease term. The finance lease is related to YinHai Leasing Company. The Company does not record leases on the balance sheet with a term of one year or less. Total lease expenses related to short-term leases were insignificant for the years ended December 31, 2023 and 2024.

The components of the Company's operating and finance lease expenses are as follows for the period presented:

	For the years ended		
	2023	2024	
	RMB	RMB	US$
Operating leases:			
Fixed rent expense	12,075	10,530	1,443
Finance lease:			
Amortization of equipment	4,539	-	-
Interest	358	-	-
Total lease expenses	**16,972**	**10,530**	**1,443**

Supplemental balance sheet information related to the Company's operating and finance lease is as follows (in thousands, except lease term and discount rate):

	As of December 31,		
	2023	2024	
	RMB	RMB	US$
Operating leases:			
ROU assets associated with operating leases	71,757	58,703	8,043
Weighted average remaining lease term (in years)			
Operating leases	9.00	8.00	
Finance leases	-	-	
Weighted average discount rate			
Operating leases	5.35 %	5.32 %	
Finance leases			

10. Lease - continued

Supplemental cash flow information related to the Company's operating and finance lease is as follows:

	Years ended December 31,		
	2023	**2024**	
	RMB	**RMB**	**US$**
Cash paid from amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	12,226	11,049	1,514
Operating cash flows from finance lease	358	-	-
Financing cash flows from finance lease	23,000	-	-
Non-cash right-of-use assets obtained in acquisition for operating lease	2,853	1,922	263
Non-cash right-of-use assets decreased in rent adjustment or early termination for operating lease	-	(7,478)	(1,024)
Non-cash lease liabilities obtained in acquisition for operating lease	2,853	1,922	263
Non-cash lease liabilities decreased in rent adjustment or early termination for operating lease	-	(7,478)	(1,024)

Future minimum lease payments are as follows as of December 31, 2024:

	Operating Lease Payment	**Operating Lease Payment**
	RMB	**US$**
Years ending December 31,		
2025	10,099	1,384
2026	9,389	1,286
2027	8,744	1,198
2028	8,551	1,172
2029	8,497	1,164
Thereafter	27,556	3,775
Total lease payments	72,836	9,979
Less: imputed interest	(13,572)	(1,859)
Total lease liabilities	**59,264**	**8,120**

11. Shareholders' Equity

In January 2022, certain third-party investors entered into investment agreements with the Company in total consideration of RMB509 million (US$80 million) to subscribe for the Company's equity interest ("2022 Financing"). As of December 31, 2022, the Company received all capital injection, of which RMB212,899 and RMB296,101 was recorded in paid-in capital and additional paid-in capital, respectively.

In January 2024, the Company repurchased certain restricted shares from terminated employees. The total consideration of RMB11,055(US$1,555) and RMB709(US$97) translation difference was recorded in paid-in capital and additional paid-in capital, respectively. (Note 12)

12. Share-based Compensation

On December 30, 2021, the Board of Directors approved a Share Incentive Plan ("Plan") to grant share-based compensation awards to attract, motivate, retain and reward its employees. Pursuant to the Plan, the Company reserved a total of 19,947,400 shares, of which 15,752,900 restricted shares as of December 31, 2023 were granted to certain employees through the employee stock holding platforms (the "Platform"), which are several limited partnerships. Under the Plan, employees are eligible to subscribe such restricted shares at one US$ dollar per each. Vesting is subject to certain service and performance conditions, which includes a condition where employees are not entitled to transfer or redeem the share until the Company's ordinary shares become listed securities over 12 months, which substantially creates a performance condition. The subscription consideration of RMB79,302(US$11,875) has been fully collected by the Company by the end of the year ended December 31, 2022.

The fair value of each restricted share granted was determined at RMB15.20 (US$2.38) using the market approach by reference to the fair value of the ordinary share indicating by the Company's most recent equity financing.

On January 19, 2024, the Company's shareholders approved to repurchase from the Platform 5,433,068 of issued restricted shares. This transaction included 1,555,232 shares with an original value of US$1 per share and the remaining 3,877,836 unpaid shares without any price. These shares were granted to the eligible employees who had left the Company by December 31, 2023 at a total consideration of RMB11,055(US$1,555). As a result, a total number of outstanding restricted shares under the Share Incentive Plan decreased to 10,319,832.

The following table discloses movements for the year ended December 31, 2024:

	Number of restricted shares
As of January 1, 2024	15,752,900
Repurchase	(5,433,068)
As of December 31, 2024	10,319,832
Number of restricted shares expected to vest	10,319,832

The Company did not recognize any share-based compensation expenses for restricted shares as the listing of the Company is assessed to be not probable as of December 31, 2024.

13. Income Tax Expense

Under PRC's Enterprise Income Tax Law ("EIT Law"), the statutory income tax rate is 25%, and the EIT rate will be reduced to 15% for the encouraged enterprises located in the western region which the Company met the requirement, according to the taxation No.23 in 2020 announced by China Development and Reform Commission of the Ministry of Finance and the State Administration, from January 1, 2021 to December 31, 2030. Additionally, as a recognized semiconductor integrated circuit production entity, the Company is entitled to a two-year exemption and three-year 50% reduction starting from the first profit making year after absorbing all prior years' tax losses. The Company has not entered into the first tax profitable year as of December 31, 2024. No provision for income taxes has been required to be accrued because the Company is in cumulative loss positions for the period presented. In 2023, the Company applied for Certified High and New Technology Enterprises ("HNTE"), thereby qualifying for an extended loss carryforward period of 10 years, increased from 5 years. To maintain its status as a HNTE, the Company must conduct an annual self-assessment to ensure it continues to meet the HNTE criteria; additionally, the Company must reapply for qualification every three years.

A reconciliation between the effective income tax rate and the PRC statutory income tax rate is as follows:

	For the Years ended December 31,	
	2023	2024
PRC Statutory income tax rate	25 %	25 %
Tax effect of non-deductible expenses in determining taxable profit	0 %	0 %
Research and development super deduction	4 %	8 %
Preferential tax rate	(10)%	(10)%
Changes in valuation allowance	(19)%	(23)%
Effective income tax rate	-	-

The principal components of the deferred tax assets are as follows:

	For the years ended December 31,		
	2023	2024	
	RMB	RMB	US$
Deferred tax assets:			
Net loss carry-forward	153,610	125,942	17,255
Impairment provisions	3,205	4,331	593
Accrued warranty expenses	1,098	886	121
Accrued compensation	1,207	1,545	212
Deferred income of governmental subsidy	448	414	57
Accrued other expenses	2,174	(1,053)	(144)
Less: valuation allowance	(161,742)	(132,065)	(18,094)
Deferred tax assets, net	-	-	-

13. Income Tax Expense - continued

The Company considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more likely than not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses and forecasts of future profitability. These assumptions require significant judgment and the forecasts of future taxable income are consistent with the plans and estimates the Company is using to manage the underlying businesses. Valuation allowances are established for deferred tax assets based on a more likely than not threshold. The Company's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carry forward periods provided for in the tax law. The Company has determined that for the deferred tax assets on temporary differences and net operating loss carry forwards, it is not able to conclude that the future realization of those net operating loss carry forwards and other deferred tax assets are more likely than not. As such, the Company has fully provided valuation allowance for the deferred tax assets as of December 31, 2023 and 2024. No unrecognized tax benefits and related interest and penalties were recorded in the period presented. Amounts of operating loss carry forwards were approximately RMB839 million (US$113 million) for the year ended December 31, 2024, which are expected to expire during the period from 2028 to 2034.

The following table presents the movement of the valuation allowance:

	For the year ended December 31, 2024	
	RMB	**US$**
Balance as of December 31, 2023	161,742	22,160
Provided	10,014	1,372
Reversed	(39,691)	(5,438)
Balance as of December 31, 2024	**132,065**	**18,094**

14. Related party transactions

The table below sets forth the major related parties and the relationship with the Company as of December 31, 2023 and 2024:

Company Name	Relationship with the Company
Alpha and Omega Semiconductor Limited and its subsidiaries ("AOS Group")	Shareholder

(a) Amounts due from related parties

Account	Name of related parties	As of December 31, 2023	2024	
		RMB	**RMB**	**US$**
Amounts due from related parties, net	AOS Group	153,990	169,281	23,193

The balances of amounts due from related parties as of December 31, 2023 and 2024 are related to sale of finished goods to AOS Group.

(b) Amounts due to related parties

Account	Name of related parties	As of December 31, 2023	2024	
		RMB	**RMB**	**US$**
Amounts due to related parties	AOS Group	65,612	48,024	6,580

The balances of amounts due to related parties as of December 31, 2023 and 2024 are related to purchase of raw materials (RMB55,522 and RMB37,580 as of December 31, 2023 and 2024, respectively) and equipment (RMB10,090 and RMB10,444, as of December 31, 2023 and 2024, respectively) from AOS Group.

14. Related party transactions - continued

(c) Sales and purchase with related parties

Accounts	Name of related parties	For the years ended December 31,		
		2023	2024	
		RMB	RMB	US$
Revenue from related parties	AOS Group	708,070	718,959	98,504
Other operating income, net from related parties	AOS Group	36	-	-
Purchase from related parties	AOS Group	64,252	80,074	10,971

For the years ended December 31, 2023 and 2024, all of the related parties balances and transactions are as above.

15. Commitments and Contingencies

As of December 31, 2024, the Company's commitments related to purchase of property and equipment contracted but not yet reflected in the financial statements were RMB65 million which are expected to be incurred for the year ending December 31, 2025.

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. If a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed. Legal costs incurred in connection with loss contingencies are expensed as incurred.

As of December 31, 2024, the Company doesn't have any contingency related to unsettled litigation.

16. Subsequent events

The subsequent events were evaluated through August 20, 2025, which is the issuance date of the audited financial statements.

On January 15, 2025, pursuant to a resolution adopted at the Board of Directors Meeting on December 24, 2024, the Company completed its business registration change, which resulted in the admission of a new investor as a new shareholder of the Company. Concurrently, the Company's registered capital was increased from USD 428,241 to USD 460,931.

In April 2025, certain assets of the Company amounting to RMB74,000 were seized by court order in connection with an arbitration initiated by a construction contractor over unpaid construction progress payments. The arbitration is in an early stage, and there are uncertainties with regard to the outcome of this arbitration as of the issuance date of the audited financial statements.

In July 2025, certain shareholders of the Company, including AOS, entered into a series of equity transfer agreements with a new investor. The investor plans to purchase 20.3% and 18.5% of the Company's shares from AOS and the other third-party shareholders, respectively. The purpose of these agreements is to make the investor the controlling shareholder of the Company. As of August 20, 2025, the transactions are not yet consummated.