

**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 January 31, 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: 001-35667

**AMBARELLA, INC.**

(Exact name of registrant as specified in its charter)

Cayman Islands  
(State or other jurisdiction of  
incorporation or organization)  
3101 Jay Street  
Santa Clara, California  
(Address of principal executive offices)

98-0459628  
(I.R.S. Employer  
Identification No.)

95054  
(Zip Code)

Registrant's telephone number, including area code: (408) 734-8888

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary Shares, \$0.00045 Par Value Per Share	AMBA	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 (Exchange Act) during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of 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 Act). YES  NO

The aggregate market value of the voting and non-voting ordinary shares held by non-affiliates of the Registrant as of July 31, 2024, was approximately \$1.6 billion based upon the closing price reported for such date on the Nasdaq Global Select Market. For purposes of this disclosure, ordinary shares held by persons known to the Registrant (based on information provided by such persons and/or the most recent schedule 13Gs filed by such persons) to beneficially own more than 5% of the Registrant's ordinary shares and ordinary shares held by officers and directors of the Registrant have been excluded because such persons may be deemed to be affiliates. This determination is not necessarily a conclusive determination for other purposes.

Number of ordinary shares, \$0.00045 par value, outstanding as of March 20, 2025: 42,437,410 shares.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information is incorporated into Part III of this report by reference to the Proxy Statement for the Registrant's 2025 annual meeting of shareholders to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

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## FORWARD-LOOKING STATEMENTS

*This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The forward-looking statements are contained principally in, but not limited to, the sections titled “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” as well as elsewhere in this Annual Report on Form 10-K. Forward-looking statements are identified by the use of the words “would,” “could,” “will,” “may,” “expect,” “believe,” “should,” “anticipate,” “outlook,” “if,” “future,” “intend,” “plan,” “estimate,” “predict,” “potential,” “target,” “seek,” “continue,” “foreseeable” or “forecast” and similar words and phrases, including the negatives of these terms, or other variations of these terms, that denote future events. Forward-looking statements include, but are not limited to, information concerning our possible or assumed future results of operations, competitive position, industry environment, potential growth opportunities and the effects of competition, our product development strategy and areas of focus, our market opportunity, our ability to develop new solutions, including our ability to integrate and apply acquired technologies to our solutions, our future financial and operating performance, sales and marketing strategy, investment strategy and the results of our investments, research and development, customer and supplier relationships, inventory levels, customer demand and our ability to secure design wins, industry trends, our cash needs and capital requirements, and expectations about seasonality, taxes, and operating expenses. These statements reflect our current views with respect to future events and our potential financial performance and are subject to risks and uncertainties that could cause our actual results and financial position to differ materially and adversely from what is projected or implied in any forward-looking statements included in this Annual Report on Form 10-K.*

*Factors that could affect such forward-looking statements include, but are not limited to, risks associated with revenue being generated from new customers or design wins, neither of which is assured; our ability to retain and expand customer relationships and to achieve design wins; economic factors beyond our control, including risks associated with high inflation and recessionary concerns; geopolitical factors beyond our control, including tensions between the United States and China and the ongoing hostility between Russia and Ukraine; the potential impact of pandemics and endemics on our operations or the operations of our supply chain or our customers; our ability to timely produce sufficient quantities of our products on a cost-effective basis through our third-party vendors; the commercial success of our customers’ products; our growth strategy; our ability to anticipate future market demands and future needs and preferences of our customers; our ability to introduce new and enhanced solutions, including our ability to license software modules; the expansion of our current markets and our ability to successfully enter new markets; anticipated trends and challenges, including competition, in the markets in which we operate; our expectations regarding the adoption of computer vision technology; our ability to effectively generate and manage growth; our ability to retain key employees; the potential for intellectual property disputes or other litigation; the risks described under Item 1A of Part I —“Risk Factors,” Item 7 of Part II—“Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and elsewhere in this Annual Report on Form 10-K; and those discussed in other documents we file with the Securities and Exchange Commission. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We have no obligation (and expressly disclaim any such obligation) to update or alter any forward-looking statements, whether as a result of new information or otherwise except as otherwise required by securities regulations.*

*For purposes of this Annual Report, the terms “Ambarella”, “the Company”, “we”, “us” and “our” refer to Ambarella, Inc. and its consolidated subsidiaries.*

## PART I

### ITEM 1. BUSINESS

#### Overview

Incorporated in 2004, Ambarella is a leading developer of low-power system-on-a-chip, or SoC, semiconductors and software for edge artificial intelligence, or AI, applications. Our technologies make electronic systems smarter, enabling them to become partially or fully autonomous with features such as person detection, object classification, and analytics, in addition to performing complex data analysis in real time, delivering high quality imagery, and preserving vital system resources such as power and network bandwidth. We specialize in the development of deployable, scalable designs for intelligent electronic systems that utilize high-bandwidth sensors offering a proven path to mass production. Ambarella's products are used in a wide variety of human viewing, computer vision and edge AI applications, including a variety of automotive camera systems, video security cameras, mobile and fixed robots, industrial applications, and consumer devices, such as action, drone and 360° cameras.

Until 2023, a majority of our revenue originated from human-viewing only applications with video and image processors for enterprise, public infrastructure and home applications, such as internet protocol, or IP, security cameras, sports cameras, wearables, aerial drones, and aftermarket automotive video recorders. Since 2018, we have been leveraging our human-viewing heritage to pursue the machine sensing market. Our recent development efforts have focused on creating advanced AI inference technology that enables edge devices to perceive the environment and make decisions based on the data collected from cameras and other types of sensors, such as 4D radar. This is known as edge AI, and our AI inference SoCs integrate our state-of-the-art video processor technology together with our proprietary AI accelerator, also known as a deep learning neural network processor, which we refer to as CVflow®. The CVflow-architecture supports a variety of AI inference algorithms, including object detection, classification and tracking, semantic and instance segmentation, image processing, stereo object detection, and terrain mapping. Our latest third generation CVflow technology enables us to efficiently process transformer AI networks, which facilitate incremental and computationally intense advanced AI applications, including deep fusion, deep planning, large language models (LLMs) and reasoning models. In addition, CVflow can process data from other sensing modalities, including lidar, radar, time of flight, thermal and near infrared (NIR), and allows customers to differentiate their products by porting their own or third party neural networks and/or AI algorithms to our CVflow-based SoCs. Our AI technology is creating opportunities for us to address a broader range of markets and applications while also allowing us to capture more content per electronic system.

Our newest product families, CV7, CV3 and N1 integrate our 3<sup>rd</sup> generation CVflow AI accelerator and are all built on advanced 5 nanometer (nm) process technology. These products can run some of the latest transformer neural networks which can provide incremental efficiency and utility relative to convolutional neural networks. The CV7 family provides an industry-leading combination of low power and high performance in human vision, computer vision and advanced AI applications, including both automotive and Internet-of-Things (IoT) edge AI applications.

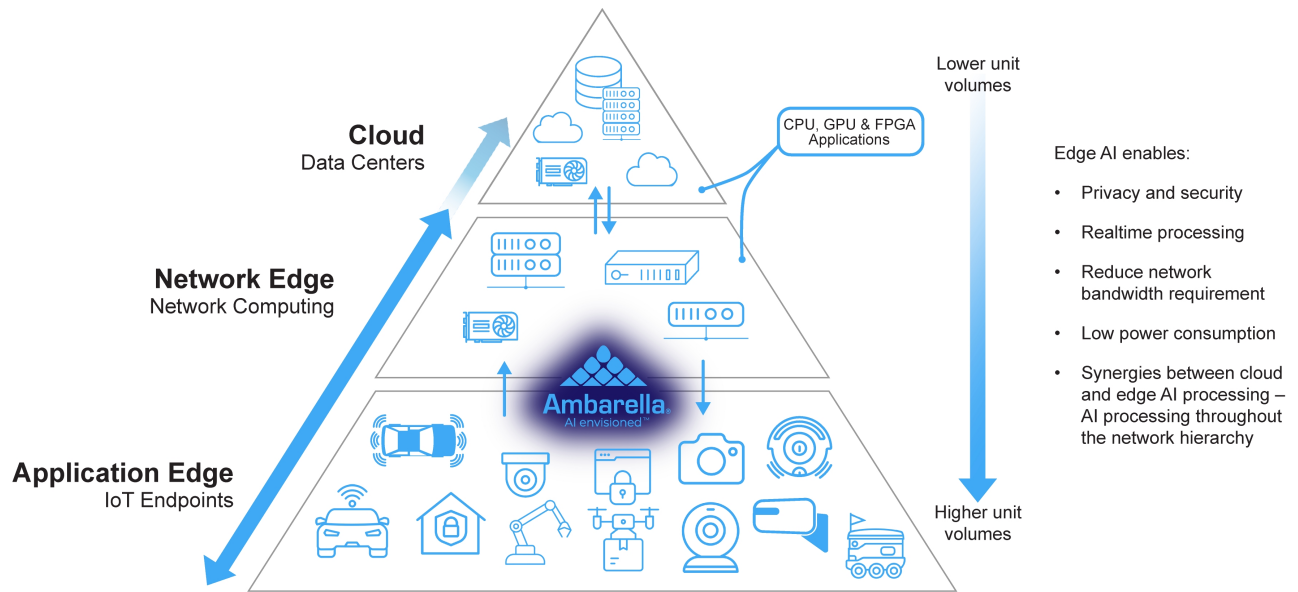
Our CV3 AI central domain controller family of SoCs is specifically architected for partially to fully automated driving applications. In addition to offering our existing advanced camera perception processing, CV3 adds sensor fusion and planning layers that enable a broader set of fully-automated devices.

Our N1 SoC is capable of running LLM inferencing with models up to 34 billion parameters, enabling a range of AI applications in IoT devices, including industrial robotics, intelligent healthcare imaging and diagnostics, edge AI servers running multi-modal vision-language models (VLMs) and traditional LLMs, and autonomous fleet telematics.

Our Oculii adaptive AI software algorithms are designed to enable radar perception using current production radar chips to achieve significantly higher resolution, longer range and greater accuracy. We have introduced a centralized radar architecture that synergistically leverages these adaptive AI software algorithms together with our CV3 domain controller family, resulting in improved perception, lower power consumption and reduced bills-of-material for mobility applications compared to the current generation of radar systems utilized in the market today.

#### Industry Background and Target Markets

AI functionality has historically been executed with graphics processing units (GPU), field programmable gate-arrays (FPGA) or general purpose microprocessors (CPU) in servers or data centers. This approach requires large amounts of data to be transported from an end-point electronic system or device into the network infrastructure, where the data may be stored, processed, and then sent back to the end point, creating added delay, power consumption and incremental expense from data communications, server processing and storage. In some applications, unacceptable levels of latency are introduced by the transportation of this data, minimizing or, in some cases, eliminating the utility of the product. In addition, this approach often requires personal information to be transmitted from the end-point device to the network infrastructure, potentially raising privacy and security concerns.



We believe the AI inference end-point market, sometimes referred to as the system’s edge, requires a fundamentally different SoC architecture versus the GPU, FPGA and CPU approach commonly used in the data center. Our AI SoCs are optimized for the requirements of the edge inference market to provide highly accurate results, significant processing power, small form factor and minimal latency while consuming very low amounts of power and simultaneously delivering both human viewing and AI inference functionality, often while supporting multiple cameras and multiple applications with a single SoC incorporated in an end-point device. In addition, privacy and security can be enhanced, as critical personal information may not need to enter the network infrastructure.

Our first AI SoC was introduced in 2018 and the CV3 SoC integrates our third generation AI accelerator, which we refer to as CVflow. Our development efforts are now focused on SoCs that provide both human viewing and AI inference functionality. With the acquisition of Oculii, we complement our advanced camera perception capabilities with advanced radar perception to enable higher levels of autonomy.

We are focusing on the automotive and IoT end markets that require increasingly sophisticated AI inference workloads and processing performance:

**Automotive Applications:**

Cameras and other sensors, as well as high performance computing processors, are utilized for a variety of applications in the automotive market and our products are designed into both original equipment manufacturer (OEM) and aftermarket applications. We address both the safety (e.g., advanced driver assistance systems (“ADAS”) and autonomy automotive market applications:

**Safety and ADAS:**

- **Front Advanced Driver Assistance System (ADAS) Cameras.** These front-facing cameras are often positioned behind the rearview mirror, enabling functions such as automatic emergency braking, lane departure warning, forward collision warning, intelligent headlight control, and speed assistance functions, many of which are required by an increasing number of regional New Car Assessment Programs, or NCAP. These cameras may also be used by telematic service providers to help improve safety, lower insurance costs, and improve driver performance.
- **Cabin Monitoring System (CMS) and Driver Monitoring System (DMS) Cameras.** These interior mounted cameras track drivers and passengers to help prevent accidents by alerting a drowsy or distracted driver and assisting with the deployment of safety features, such as airbags. These interior cameras may also be utilized by telematic service providers to provide feedback on driver performance and behavior.

- **Electronic Mirrors.** One or more cameras, in conjunction with an electronic display, are used to augment, or in some cases replace, reflective glass rear view and/or side view mirrors to provide a wider and unobstructed field of view. Smart electronic mirrors that incorporate our AI SoCs may also help with detecting objects in blind spots, overtaking vehicles and alerting for vulnerable road users, such as pedestrians and bicycles.
- **Automotive Video Recorders (also known as data loggers).** These video cameras are pre-installed in vehicles or mounted (aftermarket) to record events for reconciliation, such as for insurance and liability, driver scoring or training, and security purposes. We offer solutions for both OEM and aftermarket drive recording devices, some of which include ADAS features.

#### **Autonomy:**

- **Central domain controllers for L2+ to L4 Autonomous Vehicles.** We continue to advance our research in critical areas of autonomous vehicle development, such as vehicle detection, obstacle detection, pedestrian detection, lane detection, traffic sign recognition, stereovision processing, and sensor fusion and planning, enabling us to design strong platforms for applications ranging from Level2+ autopilot to full autonomy. The CV3 family enables centralized, single-chip processing for multi-sensor perception, including high-resolution vision, radar, ultrasonic and lidar, as well as deep fusion for multiple sensor modalities and autonomous vehicle path planning. In addition, the domain controller can simultaneously process in-cabin sensing applications, including driver and occupant monitoring.

#### **IoT Applications:**

- **Security Cameras.** We are a leader in enterprise and home security camera markets, with solutions that deliver exceptional AI inference performance, industry-leading compression efficiency, low power consumption, and outstanding image quality, including high dynamic range (HDR), low-light processing and fisheye lens de-warping. Our AI products enable higher levels of automation than our vision processors through advanced algorithms, such as object detection, classification and tracking, license plate recognition and facial recognition. We address the following security camera applications:
  - **Enterprise and Public Class Security.** These cameras are used for video monitoring and security surveillance in enterprise and public infrastructure applications. Embedded advanced AI technology supports advanced analytics at the system's edge, including people counting and tracking, facial recognition and retail behavior analysis. In addition, our latest GenAI SoC, the N1-655, can run the latest AI models, without the need for an internet connection, on a variety of on-premise devices, including smart-city security video recorders.
  - **Home Security.** Home security cameras are designed for home or small business use and may be connected to cloud services and applications via home networks using WiFi. Form factors include smart video door-bells and video-enabled lights. Embedded AI technology supports advanced functions, including intruder and pet detection, face recognition and package monitoring.
- **Emerging Robotic and Industrial Applications.** Our solutions can add intelligence to a range of partially or fully robotic applications, including access control, industrial/factory automation, sensing cameras, and a variety of industrial and home robotic applications. Our advanced AI SoCs handle an array of complex algorithms, from low-level perception functions and neural networks to higher-level autonomous software stacks, while our neural network-based image signal processing (NN-ISP) provides advanced noise reduction to enable better performance in challenging lighting conditions such as high-contrast scenes and extremely low-light environments, all with low power consumption. We address the following industrial and robotic market applications:
  - **Identification/Authentication Cameras.** Our video-based sensing solutions enable contactless access control for home, enterprise and public applications. Applications include enterprise access control panels, electronic locks and contactless mobile payment terminals.
  - **Robotic Products.** Our products and technology are well suited for a variety of smart home and enterprise robotic applications. With stereovision capabilities, convolutional neural network (CNN)-based object classification and transformer neural networks, our solutions are also suited for a variety of industrial machine vision systems, mobile robots for delivery or factory/warehouse applications, aerial drones, robotic vacuum cleaners, and other emerging robotic applications.
  - **Sensing Cameras.** Our AI SoCs enable sensing cameras that analyze video using AI-based algorithms running in the camera to provide remote users with updates, warnings or business data based on the analysis. Since no video, audio or image data needs to leave the camera, privacy can be prioritized. Applications for sensing cameras include elderly monitoring, building occupancy monitoring and retail store business analytics.

- **Other IoT Applications.** Cameras for the enterprise, home, public spaces and consumer leisure applications that provide high-definition (HD) video quality increasingly include embedded connectivity to share and display video. Our low power, high-resolution and connected solutions can be found in a variety of cameras, including wearable body cameras, sports action cameras, social media cameras, drones for capturing aerial video or photographs, video conferencing and virtual reality applications.

## Our Competitive Strengths

Our platform technology solutions provide performance attributes that satisfy the stringent demands of the camera market, enable integration of HD video and image capture capabilities in portable devices, and provide AI inference capabilities that address the evolving needs of the automotive and IoT markets. We believe that our leadership is the result of our competitive strengths, including:

- **Proprietary AI, Radar and Computer Vision Architecture.** Our proprietary AI processing architecture, known as CVflow, uses a flexible hardware engine programmed with a high level algorithm description to achieve increased performance while minimizing die size and power consumption. The CVflow architecture supports a variety of AI, radar and computer vision algorithms, including object detection, classification and tracking, semantic and instance segmentation, image processing, and stereo object detection. Our third generation CVflow technology enables us to efficiently process transformer AI networks, which are an enabling technology for next generation automotive and generative AI markets. CVflow also allows customers to differentiate their products by porting their own algorithms and neural networks to our SoCs.
- **Deep Sensor Fusion.** Ambarella provides AI perception processing for cameras and software that enables efficient HD 4D radar perception. Our CV3 SoC family implements centralized camera and radar perception processing on the same SoC, allowing data from all camera and radar sensors in the sensor suite to be fused at a deeper data level, which we believe will facilitate improved levels of perception accuracy.
- **High-Performance, Low Power, AI, Video and Image Algorithm Expertise.** Our extensive algorithm expertise, which facilitates efficient AI, video and image compression, enables our solutions to achieve low power consumption without compromising performance. Our solutions support high resolution, high frame-rate and multi-stream video capabilities. Our solutions achieve high storage and transmission efficiencies through innovative and complex video and image compression algorithms that significantly reduce the output bitrate, which directly benefits the performance of our solutions in several ways, including lower memory storage requirements, reduced bandwidth needs for transmission and lower cloud storage costs. Our solutions can deliver clear images in low light conditions because of our advanced noise reduction, including 3D motion compensated temporal filtering (MCTF) and multiple exposure processing. Additionally, our HDR processing capabilities handle scenes with large dynamic range between the lightest and darkest areas to reveal details that would otherwise be lost in shadow or highlight areas. Our neural network-based image signal processing (NN-ISP) provides advanced noise reduction in extremely low lighting conditions. Our advanced de-warping capability enables cameras to use wide angle lenses, making it ideal for a variety of security camera applications, as well as 3D electronic image stabilization and surround view for automotive applications.
- **Highly Integrated SoC Solutions Based on a Scalable Platform.** Our product families leverage a flexible and highly-scalable platform including our core high-performance AI and video processing architecture combined with an extensive set of integrated peripherals. Our flexible and highly-scalable platform enables our customers to address multiple applications and markets with reduced design cycles and costs. Our software compatible portfolio of products, with a broad range of performance and price points, allows our customers to develop a wide range of differentiated end products from a common software base.
- **Comprehensive and Flexible Software.** Our years of investment in developing and optimizing our comprehensive and flexible software serve as the foundation of our high-performance video application solutions. We provide our customers full-function software development kits with a suite of application programming interfaces or APIs, which allow customers to rapidly integrate our solution, adjust product specifications and provide additional functionality to their systems, thereby enabling them to differentiate their product offerings and reduce time to market. We also provide a toolkit to accelerate the development of computer vision algorithms onto our hardware. Our Cooper™ Developer Platform offers seamless integration of software, hardware, state-of-the-art (SOTA) AI models, and services that provide universal support for Ambarella's entire portfolio of AI SoCs.

## Products

We have a wide range of products in our portfolio, including products that have commercially shipped, products for which we have shipped engineering samples and products that are under development. We typically introduce two to three new silicon products per year which, when combined with our flexible software development kits, allow us to offer product families addressing the specific needs of a wide range of end markets. In addition to enabling small device size and low power consumption, our SoC solutions make possible differentiated functionalities, such as advanced AI functionality, simultaneous video and image capture, multiple-stream video capture, image stabilization and wireless connectivity.

**Central Domain Controller.** Our CV3-AD family of automotive AI domain controllers, targets L2+ to L4 autonomous vehicles and advanced robots. Its next-generation CVflow® AI accelerator includes neural network processing that is 20x faster than the previous generation of CV2 SoCs, along with additional general vector processing capabilities to provide the overall performance required for full autonomous driving (AD) stack processing, including computer vision, HD 4D radar, deep fusion and planning. It also integrates advanced image processing, a dense stereo and optical flow engine, Arm® Cortex® A78AE and R52 CPUs, an automotive GPU for visualizations, and a hardware security module (HSM). The CV3-AD685 is an “algorithm first” architecture that provides support for the entire AD software stack.

**CVflow SoCs.** Multiple generations of our AI accelerator architecture have been developed, and all of our new product families incorporate the ability to extract and processes data from video streams, enabling our customers to develop intelligent camera systems. These SoCs combine advanced image processing, high-resolution video encoding and CVflow AI processing in a single, low-power design to enable a new class of smart edge devices for applications including smart home security, retail monitoring, consumer robotics, and occupancy monitoring. Some of our CVflow SoCs are manufactured to satisfy the functional safety requirements of the automotive market. Our third generation CVflow-based SoCs enable efficient processing of transformer AI networks, which are an enabling technology for next generation automotive and generative AI markets.

**AI Neural Processor.** Based on our proprietary architecture, our N1 SoC provides highly-efficient AI performance for neural network computation in combination with a general vector processor (GVP), an advanced image processor, a dense stereo and optical flow engine, and a GPU, in a single SoC. The N1 is designed for implementing industrial robotics, smart cities, intelligent healthcare imaging and diagnostics, multi-camera AI processing hub, edge AI servers running multi-modal LLMs, and autonomous fleet telematics.

**Vision Processor SoCs.** Our video and image processing SoCs integrate an advanced image sensor pipeline (ISP), H.264 and/or H.265 encoders, and a powerful ARM CPU for advanced analytics, flight control, WiFi streaming, and other user applications. Our unique architecture and advanced process node technology lower power consumption while maintaining high performance for security camera and consumer applications such as connected drones, sports cameras, and 360° (VR) cameras.

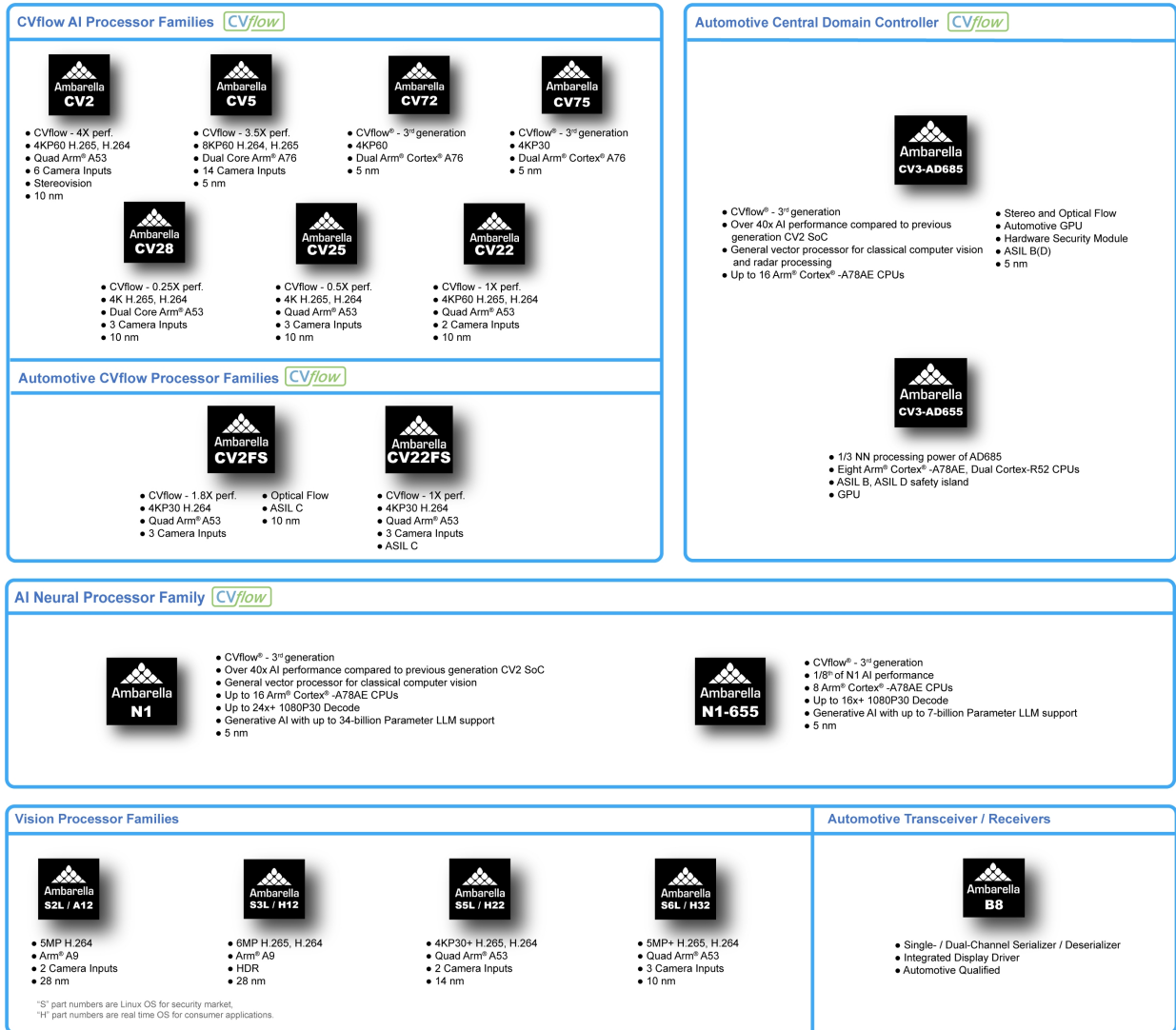
**High Definition Radar.** Through our acquisition of Oculii, we offer adaptive AI software algorithms designed to enable radar perception using current production radar chips to achieve significantly higher resolution, longer range and greater accuracy. These improvements eliminate the need for specialized high-resolution radar chips, which have significantly higher power consumption and cost than conventional radar solutions. We recently introduced a centralized radar architecture that leverages Oculii’s adaptive AI software algorithms together with our CV3 processor family to enable both central processing of raw radar data and deep, low-level fusion with other sensor inputs, including cameras, lidar and ultrasonics.

**Serializer/Deserializers.** Our B8 SerDes (Serializer/Deserializer) product is a mixed-signal (analog and digital) semiconductor used to transport data short distances (up to 10 meters) from a CMOS image sensor, often in a remote camera location, to our video and AI SoCs. The SerDes chips are used to add additional camera(s) to an automotive application, as well as used as a bridge chip for other automotive applications, such as a MIPI combiner, splitter or display driver. Our SerDes chips are also used in security applications such as ATMs that can use a single B8 chip for connecting multiple remote cameras to a single video processor SoC.

**Software Modules.** We separately license proprietary software modules that can be used in conjunction with a customer’s internally developed software and/or with third-party software. Features that may be licensed include functionality for a variety of automotive applications, including dataloggers, ADAS and autonomous driving systems, eMirrors and in-cabin applications. Additionally, our neural-network image signal processing (NN-ISP) software module improves low light imaging in security camera applications.

The chart below describes our current product lines:

## Product Portfolio



## Technology

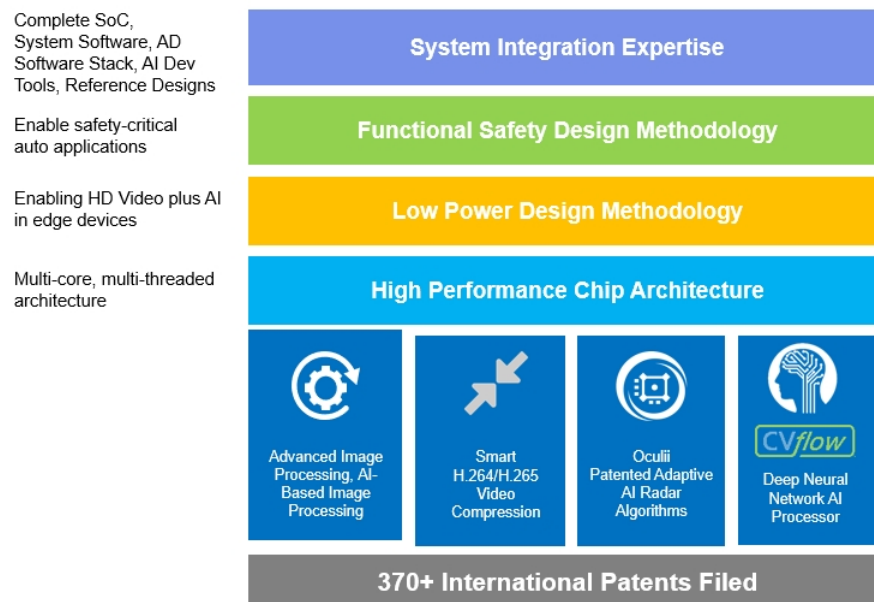
Our semiconductor processing solutions enable edge AI processing, HD, Ultra HD (UHD) and 8K UHD (up to 7680 x 4320p60) video and image processing, and video compression, sharing and display while offering exceptional power, size, and performance characteristics.

Key differentiators of our technology include:

- flexible and scalable CVflow processors for deep learning, HD radar processing and other AI algorithms that cover a broad range of consumer, professional and automotive requirements with power and die size efficiency;
- stereo/optical flow processing engines for robust AI processing with high performance and power efficiency;
- scalable image processing and video compression engines that cover consumer, professional and automotive requirements from Full HD to 8K video performance levels as well as multiple image sensors simultaneously to support multiple viewpoints, including surround view and virtual reality applications;

- algorithms for image processing including deep learning augmented processing for challenging low light and high dynamic range conditions for robust AI and human viewing with high power efficiency.
- algorithms and software for scalable and robust HD 4D radar processing using sparse antenna arrays using machine learning and adaptive transmit waveforms for lower cost and better power efficiency;
- deep learning algorithms and software for multi class 2D/3D object detection and segmentation, including vehicles, pedestrians, cycles, road markings, traffic signs and traffic lights optimized for our CV2 and CV3 SoC families;
- algorithms and software for stereo obstacle detection to provide robust safety in the event of obstacles that are not in the training data;
- autonomous driving stack modules optimized for our CV3 SoC family, including fusion for multiple cameras and sensor modalities, mapping and localization algorithms and planning;
- algorithms to compress video signals with high compression and power efficiency at multiple operating points;
- software development kit comprised of application programming interfaces, or APIs, to facilitate integration into customers' products; and tools for porting and optimizing customer deep neural networks, or DNNs, developed in industry standard training frameworks;
- low-power architecture with minimal system memory footprint; and
- programmable architecture that balances flexibility, quality, power and die size with powerful CPUs and optimized hardware acceleration to support advanced processing functions.

Our technology platform is based on a high-performance, low-power architecture supported by a high level of system integration. The building blocks of our platform are illustrated below:



Our technology platform enables the capture of high-resolution still images and UHD video while simultaneously performing AI processing and encoding for high-quality storage and lower resolution real time streaming.

**CVflow**

Our proprietary AI processing architecture, known as CVflow®, uses a flexible hardware accelerator programmed with a data flow graph algorithm description to achieve increased performance while minimizing die size and power consumption. This description allows the hardware to maximize use of its resources by exploiting all available parallelism without software intervention. The CVflow architecture specifies data flow connections between a set of optimized AI and computer vision operators, such as the convolution and matrix multiply functions that are used for deep learning algorithms. Our CVflow engine is also capable of running large language model inferencing, with models up to 34 billion parameters run on a single N-1 SoC. The CVflow architecture also supports a variety of other algorithms, including radar processing, stereo obstacle detection and sensor fusion. Our third generation CVflow-based SoCs enable efficient processing of transformer AI networks, which are an enabling technology for next generation automotive and generative AI markets. Our platform allows customers to differentiate their products by porting and optimizing their own algorithms and neural networks to our CVflow-based chips using industry-standard training tools and APIs.

### ***Computer Vision and Radar Technology***

Computer vision is a core technology that complements our proprietary image processing and video compression technology. We have developed efficient deep learning algorithms for object detection and segmentation leveraging our deep understanding of the CVflow processor. A significant feature of our third generation CVflow SoCs is support for HD stereo and HD radar based depth and velocity sensing. We believe HD stereo and HD radar are complementary sensor modalities that provide robust depth information after fusion. This depth information provides an important augmentation to monocular computer vision processing, resulting in an extra margin of safety for autonomous driving and other applications. Monocular processing depends on training to detect obstacles, and may not detect obstacles that are not represented in the training set. Stereo cameras and radar detect obstacles without relying on training for specific obstacle categories because the depth information is used to directly construct a three-dimensional model of the camera's surroundings, including any obstacles. This allows more robust decisions to be made in applications such as autonomous driving.

### ***Software Modules***

We are developing optimized software modules to give customers the option to leverage our expertise and reduce development time and expense. These modules include HD radar processing for standalone and central radar processing, deep learning based low light and HDR image processing, monocular and stereo camera perception, and autonomous driving stack modules optimized for the CV3 family, including fusion for multiple cameras and sensor modalities, mapping and localization algorithms and planning.

### ***AmbaClear***

Our proprietary image signal processing architecture, known as AmbaClear, incorporates advanced algorithms to convert raw sensor data to UHD video and/or still images. Image processing algorithms include sensor, lens and color correction, HDR tone mapping, color processing and de-mosaicing to reconstruct a full color image from incomplete color samples and specialized color filters, noise filtering, detail enhancement and image format conversion. For example, raw sensor data can be captured at up to 32-megapixel (8K) resolution at 60 frames per second. This image processing reduces noise in the sensor data and improves color, contrast and sharpness resulting in improved computer vision performance, enhanced human viewing and enhanced storage and transmission efficiencies. Our wide dynamic range (WDR) and HDR processing capabilities handle greater dynamic range between the lightest and darkest areas of an image, permitting video images to reveal details that would otherwise be lost against a bright background. We have developed efficient scalable deep learning algorithms for advanced low light processing and HDR tone mapping that augment our image processing hardware. These algorithms provide significant image quality improvements over our standard image processing while running in real time at HD and higher resolutions. Our advanced de-warping capability enables cameras to use wide angle lenses to capture images from a wide area, making it ideal for a variety of IP security camera and surround view applications. Our RGB- infrared fusion capability allows a single sensor to produce simultaneous RGB and infrared images for sensing and improved low light performance.

### ***AmbaCast***

Our proprietary UHD video compression architecture, known as AmbaCast, incorporates advanced algorithms for motion estimation, motion-compensated 3D temporal filtering, mode decision and AI based rate control. Successful implementation of these computationally intensive steps has helped us maximize compression efficiency. We support H.264 and H.265 video compression standard with our H.265 providing up to 2x better compression efficiency compared to our H.264 video compression technology.

## ***Design Methodology***

The success of our technology platform stems from our algorithm driven design methodology. We do extensive algorithm studies in deep learning AI, image processing and compression including our internally developed and public external algorithms. We use these studies to develop high power and die area efficient processing engines compared with general purpose processors like CPUs and GPUs. We also include a high degree of programmability to provide flexibility in supporting new algorithms that we and our customers develop. We test and verify our algorithms on our proprietary architectural model prior to implementing our processor engines in hardware. Our advanced verification methodology validates our approach through simultaneous modeling of architecture, algorithms, and the hardware itself. This redundant approach helps us identify and remediate weaknesses early in the development cycle, providing a solid foundation on which we build our hardware implementation, and enhances our ability to achieve first-pass silicon success. We possess extensive expertise in AI deep learning, video and imaging algorithms, as well as deep sub-micron digital and mixed-signal design experience.

## **Customers**

We sell our solutions to leading original design manufacturers, or ODMs, and original equipment manufacturers, or OEMs, globally. In the automotive OEM market, we may sell our solutions to Tier-1 suppliers that develop and sell devices incorporating our solutions to automotive OEMs. We refer to ODMs and Tier-1 suppliers as our customers and OEMs as our end customers, except as otherwise indicated or as the context otherwise requires.

Sales to customers in Asia accounted for approximately 85%, 79%, and 79% of our total revenue in the fiscal years ended January 31, 2025, 2024, and 2023, respectively. As many of our OEM end customers or their ODM manufacturers are located in Asia, we anticipate that a majority of our revenue will continue to come from sales to customers in that region. Although a large percentage of our sales are made to customers in Asia, we believe that a significant number of the products designed by these customers and incorporating our SoCs are then sold to consumers globally. To date, all of our sales have been denominated in U.S. dollars.

We work closely with our end customer OEMs and ODMs throughout their product design cycles that often last twelve to eighteen months for many of our target markets, although new products may have longer design cycles, particularly those implementing advanced AI features. Product design cycles for certain portions of the automotive market generally last longer than eighteen months, particularly for products containing user safety features. As a result, we are able to develop long-term relationships with our customers as our technology becomes embedded in their products. Consequently, we believe we are well positioned to not only be designed into our customers' current products, but also to continue to develop next-generation AI solutions for their future products.

The product life cycles in many of our target markets typically range from twelve to 24 months. We expect that product lifecycles in the automotive OEM and the industrial and robotics markets will typically be longer than 24 months, as new product introductions occur less frequently. For many of our solutions, early engagement with our customers' technical staff is necessary for success.

In fiscal year 2025, the customer representing 10% or more of revenue was WT Microelectronics Co., Ltd., formerly Wintech Microelectronics Co., Ltd., or WT, our non-exclusive sales representative and fulfillment partner in Asia other than Japan, which accounted for approximately 63% of total revenue. We currently rely, and expect to continue to rely, on a limited number of customers for a significant portion of our revenue.

## **Sales and Marketing**

We sell our solutions worldwide using our direct sales force and our distributors. We have direct sales personnel covering the United States, Asia and Europe, and we operate sales offices in Santa Clara, California and Hong Kong, and business development offices in China, Germany, Japan, South Korea, and Taiwan. In addition, in each of these locations we employ a staff of field applications engineers to provide direct engineering support locally to our customers.

Our sales cycles typically require a significant investment of time and a substantial expenditure of resources before we can realize revenue from the sale of our solutions, if any. Our typical sales cycle consists of a multi-month sales and development process involving our customers' system designers and management and our sales personnel and software engineers. If successful, this process culminates in a customer's decision to use our solutions in its system, which we refer to as a design win. Our sales efforts are typically directed to the OEM of the product that will incorporate our AI and video and image processing solution, but the eventual design and incorporation of our SoC into the product may be handled by an ODM or Tier-1 supplier on behalf of the OEM. Volume production may begin within 12 to 18 months after a design win, depending on the complexity of our customer's product and other factors upon which we may have little or no influence. Once our solutions have been incorporated into a customer's design, they are likely to be used for the life cycle of the customer's product. Conversely, a design loss to a competitor will likely preclude any opportunity for future revenue from such customer's product.

Our sales are generally made pursuant to purchase orders received approximately 20 to 30 weeks prior to the scheduled product delivery date, depending upon agreed terms with our customers and the current manufacturing lead time at the time the purchase order is received. Typically, these purchase orders may not be cancelled or modified without our written consent. Our standard warranty provides that our SoCs containing defects in materials, workmanship or performance may be returned for a refund of the purchase price or for replacement, at our discretion. We may agree to different warranty terms with specific customers from time to time.

Our sales are primarily made through standard purchase orders for delivery of products. Our manufacturing production is based on estimates and advance non-binding commitments from customers as to future purchases. We follow industry practice that generally allows customers to change or defer orders with limited advance notice prior to shipment, often without penalty. Given this practice, we do not believe that backlog is a reliable indicator of future revenue levels, except on a short-term basis, principally within our average lead times.

## **Manufacturing**

We employ a fabless business model and use third-party foundries and assembly and test contractors to manufacture, assemble and test our solutions. This outsourced manufacturing approach allows us to focus our resources on the design, sales and marketing of our solutions and avoid the cost associated with owning and operating our own manufacturing facility. Our engineers work closely with foundries and other contractors to increase yields, lower manufacturing costs and improve quality. In addition, we believe outsourcing many of our manufacturing and assembly activities provides us the flexibility needed to respond to new market opportunities, simplifies our operations and significantly reduces our capital requirements. We do not have a guaranteed level of production capacity from any of our suppliers' facilities to produce our solutions. We carefully qualify each of our suppliers and their subcontractors and processes in order to meet the extremely high-quality and reliability standards required of our solutions.

### ***Wafer Fabrication***

We have a history of using several process nodes from 130 nm through 5 nm. We aim to use the most advanced manufacturing process technology appropriate for our products that is available from our third-party foundries. As a result, we periodically evaluate the benefits of migrating our solutions to smaller geometry process technologies in order to improve performance and efficiency. We believe this strategy will help us remain competitive. We currently manufacture our solutions in the 10nm and 5nm process nodes. Currently, the substantial majority of our SoCs are supplied by Samsung Electronics Corporation ("Samsung") in facilities located in Austin, Texas and South Korea, from whom we have the option to purchase both fully-assembled and tested products as well as tested die in wafer form for assembly. Our foundry vendors are ISO 9001 certified.

### ***Assembly and Testing***

Samsung subcontracts the assembly and initial testing of the assembled chips it supplies to us to Signetics Corporation and STATS ChipPAC Ltd. In the case of purchases of tested die from Samsung, we contract the assembly to Advanced Semiconductor Engineering, Inc., or ASE. Final testing of our products is handled primarily by Sigurd Corporation or King Yuan Electronics Co., Ltd. under the supervision of our engineers. All test software and related processes for our products are developed by our engineers. We continually monitor the results of testing at all of our test contractors to ensure that our testing procedures are properly implemented.

As part of our total quality assurance program, our quality management system has been certified to ISO 9001:2015 standards. Our assembly and testing vendors are also ISO 9001 certified.

Due to the scheduling requirements of our foundry, assembly and test contractors, we generally provide our contractors with our production forecasts and place firm orders for products with our suppliers up to 40 weeks prior to the anticipated delivery date, or potentially longer during times of acute capacity shortages, usually without a purchase order from our own customers.

## Research and Development

We believe our technology is a competitive advantage and we engage in substantial research and development efforts to develop new products and integrate AI functionality into our video processing solutions. We believe that our continued success depends on our ability to both introduce improved versions of our existing solutions and to develop new solutions for the markets that we serve. As of January 31, 2025, approximately 75% of our employees are engaged in research and development. Our research and development team is comprised of both semiconductor and software designers. Our semiconductor design team has extensive experience in large-scale semiconductor design, including architecture description, logic and circuit design, implementation and verification. Our software design team has extensive experience in development and verification of video processing, AI deep learning and adaptive AI radar software. Because the integration of hardware and software is a key competitive advantage of our solutions, our hardware and software design teams work closely together throughout the product development process. The experience of our hardware and software design teams enables us to effectively assess tradeoffs and advantages when determining which features and capabilities of our solutions should be implemented in hardware and in software.

We have assembled a core team of experienced engineers and systems designers in four research and development design centers located in the United States, China, Italy, and Taiwan.

## Competition

The global semiconductor market in general, and the AI and video and image processing markets in particular, are highly competitive. We expect competition to increase and intensify as more and larger semiconductor companies enter our markets and as we penetrate new markets, such as the automotive OEM market. Increased competition could result in price pressure, reduced profitability and loss of market share, any of which could materially and adversely affect our business, revenue and operating results.

Our competitors range from large, international companies offering a wide range of semiconductor products to smaller companies specializing in narrow markets. In the IoT market, our primary competitors include AMLogic Inc., Fuzhou Rockchip Electronics Co., Ltd., HiSilicon Technologies Co., Ltd., or HiSilicon, which is owned by Huawei Technologies Co., Ingenic Semiconductor Co., Ltd., Novatek Microelectronics Corp., or Novatek, NVIDIA Corporation, or NVIDIA, OmniVision Technologies, Inc., Qualcomm Incorporated, or Qualcomm, Sigmastar Technology Ltd., and Socionext Inc. In the automotive camera market, we compete against Allwinner Technology Co., Ltd., Horizon Robotics Inc., iCatch Technology, Inc., Mobileye, a subsidiary of Intel Corporation, Novatek, NVIDIA, NXP Semiconductors N.V., Qualcomm, Renesas Electronics Corporation, and Texas Instruments. Certain of our customers and suppliers also have divisions that produce products that compete with ours.

Our ability to compete successfully depends on elements both within and outside of our control, including industry and general economic trends. Many of our competitors are substantially larger, have greater financial, technical, marketing, distribution, customer support and other resources, are more established than we are, and have significantly better brand recognition and broader product offerings which may enable them to develop and enable new technology into product solutions better or faster than us and to better withstand adverse economic or market conditions in the future.

Our ability to compete successfully in the rapidly evolving camera markets depends on several factors, including:

- the design and manufacturing of new solutions, including software, that anticipate the video processing and integration needs of our customers' next-generation products and applications;
- performance of our AI solutions, as measured by convolutional neural network performance and/or transformer neural network performance, video and still picture image quality, resolution and frame processing rates;
- power consumption efficiency of our solutions;
- the ease of implementation of our products by customers;
- the strength of our customer relationships;
- the selection of the foundry process technology and architecture tradeoffs to meet customers' product requirements in a timely manner;
- reputation and reliability;
- customer support; and
- the cost of the total solution.

We believe that, overall, we compete favorably with respect to these factors, particularly because our solutions typically provide high-quality video, and low power consumption, efficient CNN and transformer performance, efficient integration of advanced algorithms, exceptional storage and transmission efficiencies, highly-integrated SoC solutions based on a scalable platform, and comprehensive and flexible software. We cannot ensure, however, that our solutions will continue to compete favorably or that we will be successful in the face of increasing competition from new products introduced by existing or new competitors.

### **Intellectual Property**

We rely on a combination of intellectual property rights, including patents, trade secrets, copyrights and trademarks, and contractual protections, to protect our core technology and intellectual property. As of January 31, 2025, we had 372 issued patents in the United States, 137 of which were continuation or divisional patents, 10 issued patents in Europe, 12 issued patents in China, 8 issued patents in Japan and 64 pending patent applications in the United States. The issued patents in the United States expire beginning in 2025 through 2042. Our issued patents and pending patent applications primarily relate to image and video processing and HD video compression, AI processing, system level camera, and radar perception applications spanning multiple market segments.

We may not receive competitive advantages from any rights granted under our patents, and our patent applications may not result in the issuance of any new patents. In addition, any patent we hold may be opposed, contested, circumvented, designed around by a third party or found to be unenforceable or invalidated. Others may develop technologies that are similar or superior to our proprietary technologies, duplicate our proprietary technologies or design around patents owned or licensed by us.

In addition to our own intellectual property, we also use third-party licenses for certain technologies embedded in our SoC solutions. These are typically non-exclusive contracts provided under royalty-accruing or paid-up licenses. These licenses are generally perpetual or automatically renewed for so long as we continue to pay any maintenance fees that may be due. To date, maintenance fees have not constituted a significant portion of our capital expenditures. While we do not believe our business is dependent to any significant degree on any individual third-party license, we expect to continue to use and may license additional third-party technology for our solutions.

We generally control access to and use of our confidential information through employing internal and external controls, including contractual protections with employees, contractors and customers. We rely in part on U.S. and international copyright laws to protect our mask work. All employees and consultants are required to execute confidentiality agreements in connection with their employment and consulting relationships with us. We also require them to agree to disclose and assign to us all inventions conceived or made in connection with the employment or consulting relationship.

Despite our efforts to protect our intellectual property, unauthorized parties may still copy or otherwise obtain and use our software, technology or other information that we regard as proprietary intellectual property. In addition, we continue to operate internationally, and effective patent, copyright, trademark and trade secret protection may not be available or may be limited in foreign countries.

### **Seasonality**

Our business has tended to be seasonal with higher revenue in our second and third fiscal quarters as our customers typically increase their production to meet holiday shopping season or year-end demand for their products. We also may experience seasonally lower demand in our first and fourth fiscal quarters due to ODM and OEM factory holiday closures. These seasonal fluctuations may diminish if our revenue diversifies and becomes less dependent on sales of our customers' consumer products.

### **Governmental Regulation**

Our business and operations around the world are subject to government regulation at the national, state or local level addressing, among other matters, applicable environmental laws, health and safety laws and regulations, laws relating to export controls and economic sanctions, and the rules of industrial standards bodies such as the International Standards Organization and governmental agencies such as the Federal Trade Commission.

We believe that our properties and operations comply in all material respects with applicable laws protecting the environment and worker health and safety. As a fabless semiconductor company, we do not manufacture our own products but do maintain laboratory space at certain of our facilities to facilitate the development, evaluation and testing of our SoC products. To date, we have not incurred significant expenditures relating to environmental compliance at our facilities nor have we experienced any material issues relating to employee health and safety.

In addition to environmental and worker health and safety laws, our business is subject to various rules and regulations and executive orders relating to export controls and trade sanctions. Certain of our products are subject to the Export Administration Regulations (EAR), which are administered by the United States Department of Commerce's Bureau of Industry and Security (BIS), and we may from time to time be required to obtain an export license before we can export certain products or technology to specified countries or customers. In addition, the EAR imposes broad controls on entities listed on sanctioned persons lists, including the BIS Entity List. If one of our customers is listed on the BIS Entity List or another U.S. government sanctioned persons' list, then subject to certain exceptions, we will, as a general rule, be precluded from doing business with that customer. We cannot guarantee that export control restrictions or sanctions imposed in the future will not prevent, or materially limit, our ability to conduct business with certain customers or in certain countries. Any failure to comply with these laws could result in governmental enforcement actions, including substantial monetary penalties and denial of export privileges.

### **Human Capital Resources**

Innovation has been the lifeblood of our company since our founding in 2004. We continually strive to develop leading-edge image and video, and now AI, processors using the most advanced semiconductor processes available to create high performance, power efficient SoCs. We depend on our people to sustain our competitive advantages.

As of January 31, 2025, we employed a total of 941 people, including 260 in the United States, 590 in Asia, primarily with 352 in Taiwan and 223 in China, and 91 in Europe. Approximately 75% of our employees are engaged in research and development, 23% in sales, marketing and administration and 2% in operations. As of January 31, 2025, women represented 33% of our independent directors, 18% of senior management, 17% of our technical roles, and 20% of our total workforce. Of our total employee workforce, approximately 37% is represented by a work council in Taiwan. The work council group, which is common in Taiwan, is comprised of employees elected by the general employee base in that location. We consider our global employee relations to be good. Despite employees working in geographically disparate locations and differences in cultures, we strive to treat all employees as part of one team working together. Our Chief Executive Officer holds quarterly town hall style meetings with employees of all of our offices to keep employees apprised of company activities and objectives and to provide an opportunity for all employees to meet and ask questions. All employees receive training in the prevention of sexual harassment and abusive conduct in the workplace.

Our human capital resources objectives include attracting and retaining talented and experienced employees. We utilize multiple online search tools, specialized recruiting firms, employee referral programs and university hires to ensure a varied outreach approach for candidates. We are committed to ensuring the human rights of our worldwide workforce and treating all employees with dignity and respect. We offer a combination of competitive base salary, time-based equity incentives and bonus plans linked to financial and strategic performance that are designed to motivate and reward personnel with annual grants of stock-based and cash-based incentive compensation awards, plus other benefits, in order to increase both stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our short term and long-term objectives. We offer competitive benefits tailored to local markets and laws and designed to support employee health, welfare and retirement; examples of such benefits include paid time off; 401(k), pension or other retirement plans; an employee stock purchase plan; basic and voluntary life, disability and supplemental insurance; medical, dental and vision insurance; health savings and flexible spending accounts; relocation assistance; and employee assistance programs. Approximately 90% of eligible U.S. employees participate in our 401(k) plan, and 90% of eligible employees participated in the most recent offering period of our employee stock purchase plan.

The average tenure of our employees is approximately 8.1 years and approximately 33% of our employees have been employed by us for more than 10 years. We believe our compensation and benefits packages, combined with our culture that promotes teamwork, innovation and hands-on experience from the first day of employment, contribute to low employee turnover and an above-average tenure. We monitor employee turnover rates by region and our company as a whole. Our worldwide voluntary employee turnover rate in fiscal year 2025 was approximately 3.3%.

## Corporate Information

Ambarella was founded and incorporated in the Cayman Islands in January 2004. Our registered address is PO Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands. The address of our U.S. operating subsidiary is Ambarella Corporation, 3101 Jay Street, Santa Clara, California. The Securities and Exchange Commission, or SEC, maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy, and information statements, and other information regarding registrants that file electronically. You may also obtain copies of our Forms 10-K, 10-Q, 8-K, and other filings with the SEC, and all amendments to these filings, free of charge, by visiting the Investor Relations page on our website (<http://investor.ambarella.com>) as soon as reasonably practicable following our filing of any of these reports with the SEC. Information on our website is not incorporated into this Annual Report on Form 10-K or our other securities filings and is not a part of such filings.

## ITEM 1A. Risk Factors

*Certain factors may have a material adverse effect on our business, financial condition and results of operations. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occurs, our business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of our ordinary shares could decline, and you could lose part or all of your investment.*

### Summary of Risk Factors

Our business and our industry is subject to numerous risks and uncertainties, including those described in the following Risk Factors. These risks include, but are not limited to, the following:

- If our customers do not design our solutions into their product offerings, or if our customers' product offerings are not commercially successful, our business would suffer.
- If we fail to penetrate new markets, including the automotive original equipment manufacturer (OEM) and advanced driver assistance systems (ADAS) market, our revenue and financial condition could be harmed.
- If we fail to develop and introduce new or enhanced solutions that meet market requirements on a timely basis, our ability to attract and retain customers could be impaired and our competitive position could be harmed.
- Impacts of the global supply chain challenges could adversely affect our business, financial condition, and results of operations.
- Uncertain risks relating to the adoption, use or application of emerging technologies, including artificial intelligence, by our customers and in our business, could adversely impact our financial results and result in reputational harm and liability.
- Shortages in, or increased costs of, wafers and materials could adversely impact our gross margins and lead to reduced revenues.
- Our primary inventory warehouse is located in Hong Kong and may be affected by political, social and economic conditions in Hong Kong.
- Our target markets may not grow or develop as we currently expect and are subject to market risks, any of which could harm our business, revenue and operating results.
- Our customers may cancel their orders, change production quantities or delay production. If we fail to accurately forecast demand for our solutions, revenue shortfalls or excess, obsolete or insufficient inventory could result.
- We depend on a limited number of customers and end customers for a significant portion of our revenue. If we fail to retain or expand our customer relationships, our revenue could decline.
- Achieving design wins is subject to lengthy competitive selection processes that require us to incur significant costs. Even if we begin a product design, a customer may decide to cancel or change its product plans, resulting in no revenue from such expenditures.

- Some of our customers may require our products and our third-party contractors to undergo a qualification process that does not assure product sales. If we are unsuccessful or delayed in qualifying these products or third-party contractors with a customer, our business and operating results could suffer.
- We expect competition to increase in the future, which could have an adverse effect on our revenue and market share.
- A breach of our security systems may have a material adverse effect on our business.
- While we intend to continue to invest in research and development, we may be unable to make the substantial investments that are required to remain competitive in our business.
- We rely on highly skilled personnel and, if we are unable to hire, retain or motivate key personnel, we may not be able to grow effectively which could harm our business.
- The average selling prices of semiconductor solutions in our target markets have typically decreased over time and will likely do so in the future, which could harm our revenue and gross margins.
- If we are unable to manage any future growth, we may not be able to execute our business plan and our operating results could suffer.
- Deterioration of the financial conditions of our customers could adversely affect our operating results.
- We are subject to the cyclical nature of the semiconductor industry.
- The complexity of our solutions could result in unforeseen delays or expenses from undetected defects, errors or bugs in hardware or software which could reduce the market adoption of our new solutions, damage our reputation with current or prospective customers and adversely affect our operating costs.
- We may experience difficulties transitioning to new wafer fabrication process technologies or achieving higher levels of design integration, which may result in reduced manufacturing yields, delays in product deliveries and increased costs.
- Rapidly changing industry standards could make our video and image processing solutions obsolete, which would cause our operating results to suffer.
- Some of our operations and a significant portion of our customers and our subcontractors are located outside of the United States, which subjects us to additional risks, including increased complexity and costs of managing international operations and geopolitical instability.
- Climate change and climate change-related policies and regulations may have a long-term impact on our business.
- We face tax risks, including relating to the complexity of calculating our tax provision, changes in effective tax rates, or unfavorable tax law changes.
- Fluctuations in our operating results on a quarterly and annual basis could cause the market price of our ordinary shares to decline.
- If we do not generate revenue growth, we may not be able to execute our business plan and our operating results could suffer.
- We outsource our wafer fabrication, assembly and testing operations to third parties, and if these parties fail to produce and deliver our products according to requested demands in specification, quantity, cost and time, our reputation, customer relationships and operating results could suffer.
- We do not have long-term supply contracts with our third-party manufacturing vendors, and they may not allocate sufficient capacity to us at reasonable prices to meet future demands for our solutions.
- Our customers incorporate components supplied by multiple third parties, and a supply shortage or delay in delivery of these components could delay orders for our solutions by our customers.
- A substantial portion of our revenue is processed through a single distributor and the loss of this distributor may cause disruptions in our shipments, which may adversely affect our operations and financial condition.
- We are subject to risks associated with our distributors' product inventories.
- We rely on various third-party vendors, service providers and contractors in the operation of our business.
- Global economic and political conditions, including high inflation, recessionary concerns and trade restrictions, may impact our business and financial condition in ways that we currently cannot predict.

- We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in international markets, including China. In addition, our ability to sell certain products to certain China customers has been restricted.
- We are subject to warranty and product liability claims and to product recalls.
- We are subject to numerous laws and regulatory compliance requirements, which are costly to comply with, and our failure to comply with these requirements could harm our business and operating results.
- Third parties' assertions of infringement of their intellectual property rights could result in our having to incur significant costs and cause our operating results to suffer. Any potential dispute involving our intellectual property could affect our customers, which could trigger our indemnification obligations to them and result in substantial expense to us.

### **Risks Related to Our Business and Our Industry**

***If our customers do not design our solutions into their product offerings, or if our customers' product offerings are not commercially successful, our business would suffer.***

We sell our video and image processing system-on-a-chip, or SoC, solutions to original equipment manufacturers, or OEMs, who include our SoCs in their products, and to original design manufacturers, or ODMs, who include our SoCs in the products that they supply to OEMs. We generally refer to ODMs as our customers and OEMs as our end customers, except as otherwise indicated or as the context otherwise requires. Our SoCs are generally incorporated into our customers' products at the design stage, which is referred to as a design win. As a result, we rely on OEMs to design our solutions into the products that they design and sell. Without these design wins, our business would be significantly harmed. We often incur significant expenditures developing a new SoC solution without any assurance that any OEM will select our solution for design into its own product. Once an OEM designs a competitor's device into its product, it becomes significantly more difficult for us to sell our SoC solutions to that OEM because changing suppliers involves significant cost, time, effort and risk for the OEM. We anticipate that it will take longer and require more resources and greater expenditures to achieve design wins, and likely take longer to generate revenue from such design wins, in the new markets we are targeting, such as the OEM automotive and robotics markets, than our legacy camera markets. We also face certain competitive disadvantages in these markets relative to larger competitors that have significantly more resources and a longer history working with OEMs and ODMs in these markets. In addition, trade tensions and tariffs between the United States and China as well as potential new export restrictions may make it more difficult to secure future design wins with China customers.

Even if an OEM designs one of our SoC solutions into its product, we cannot be assured that the OEM's product will be commercially successful over time or at all. For example, in the past we have secured design wins for customer products that were never commercially released by our customer or did not sell in volumes initially forecast by the customer, as a result of factors beyond our control. If products incorporating our SoC solutions are not commercially successful or experience rapid decline, our revenue and business will suffer. Similarly, if an OEM designs one of our SoC solutions into its product, we are not assured that we will receive or continue to receive new design wins from that OEM, which could negatively impact our business.

***If we fail to penetrate new markets, including the automotive OEM and ADAS market, our revenue and financial condition could be harmed.***

We believe that our future revenue growth, if any, significantly depends on our ability to expand within the Internet of Things, or IoT, camera markets with our new artificial intelligence, or AI, computer vision SoC solutions, and penetrate, or further penetrate, the OEM automotive, robotics and industrial markets. Our AI computer vision SoC solutions have functionality that may also be applicable to other developing markets, such as processing of large language models (LLMs). Each of these markets presents distinct and substantial risks and, in many cases, requires us to develop new functionality or software to address the particular requirements of that market. If any of these markets do not develop as we currently anticipate, the technical requirements of these markets evolve in ways we do not anticipate, the development of such markets is delayed or impacted by factors outside of our control, or if we are unable to penetrate them successfully with our solutions, our revenue could decline and our financial condition would be negatively impacted. Some of these markets are primarily served by only a few large, multinational OEMs with substantial negotiating power relative to us and, in some instances, with internal solutions that are competitive to our products. Meeting the technical requirements and securing design wins with any of these companies requires a substantial investment of our time and resources and we cannot assure you that we will secure design wins from these or other companies or that we will achieve meaningful revenue from the sales of our solutions into these markets. In addition, we face competition from larger competitors with greater resources and more history in these markets, which may put us at a competitive disadvantage to these larger competitors. If we fail to penetrate these or other new markets we are targeting, our financial condition would likely suffer. Moreover, if we are successful in achieving design wins in these new markets, it will likely take longer to generate revenue from such design wins than in our traditional markets.

***If we fail to develop and introduce new or enhanced solutions that meet market requirements on a timely basis, our ability to attract and retain customers could be impaired and our competitive position could be harmed.***

We operate in a dynamic environment characterized by rapidly changing technologies. To compete successfully, we must design, develop, market and sell enhanced solutions that provide increasingly higher levels of performance and functionality and that meet the technical and cost expectations of our customers. Our existing or future solutions could be rendered obsolete by the introduction of new products by our competitors; convergence of other markets with or into the camera market; the market adoption of products based on new or alternative technologies; the emergence of new industry standards applicable to our solutions; or the requirement of additional functionality included in video processors. In addition, some of the markets for our solutions are characterized by frequent introduction of next-generation and new products, short product life cycles, increasing demand for added functionality and significant price competition. Our failure to anticipate or timely develop new or enhanced solutions in response to technological shifts could result in decreased revenue and our competitors achieving design wins that we sought. In particular, we may experience difficulties with product design, development of new software, manufacturing, marketing or qualification that could delay or prevent our development, introduction or marketing of new or enhanced solutions. In addition, for some markets, such as the automotive OEM market, we need to establish and maintain relationships with third-party suppliers or software providers in order to effectively market our solutions to end-customers. Failure to establish these relationships could harm our ability to achieve design wins.

As we develop and introduce new solutions, we also face the risk that customers may not value or be willing to bear the cost of incorporating these newer solutions into their products, particularly if they believe their customers are satisfied with current solutions. In addition, delays in product development could impair our relationships with our customers and negatively impact sales of our solutions under development. Regardless of the improved features or superior performance of the newer solutions, customers may be unwilling to adopt our new solutions due to design or pricing constraints. If we or our customers are unable to manage product transitions in a timely and cost-effective manner, our business and results of operations would suffer.

***Impacts of the global supply chain challenges could adversely affect our business, financial condition, and results of operations.***

During the COVID-19 global pandemic, various restrictions were put in place causing a temporary decline in demand for certain items. As restrictions began easing across the world, an increase in demand for products containing semiconductor chips exacerbated bottlenecks in the supply chain, resulting in a global semiconductor supply shortage impacting our industry, which resulted in a lengthening of the manufacturing lead time for our products and impacting the normal forecasting and ordering patterns of our customers. To the extent customers faced supply chain issues with respect to other components needed to pair with our products in order to produce their end products, such customers delayed orders of our products or held inventory of our products for longer periods of time, resulting in a decline in our revenue. Customers may experience or cause similar delays in the future. With respect to our suppliers, we experienced supply constraints for certain chips from Samsung and we may experience similar issues in the future. While these supply chain challenges have largely subsided, we remain dependent on a global supply chain that can be affected by many factors, including macroeconomic conditions and geopolitical factors such as trade wars and tariffs, and we may face similar issues in the future.

***Uncertain risks relating to the adoption, use or application of emerging technologies, including artificial intelligence, by our customers and in our business, could adversely impact our financial results and result in reputational harm and liability.***

Many of our products support AI functionality implemented in our customers' products, such as object detection, classification and tracking, image processing, and terrain mapping. Our latest generation of products also enable us to address computationally intense AI applications for deep fusion, deep planning, multi-modal vision-language models (VLMs), and large language models (LLMs) in edge devices. The adoption of AI solutions may not develop in the manner or in the time periods we anticipate and, as the markets for AI solutions are still developing, demand for these products may be unpredictable and vary significantly from one period to another. These factors may adversely impact demand for our AI related products. In addition, compliance with evolving government regulations worldwide related to AI may increase the costs related to the development of AI products and solutions and limit global adoption, which may also adversely impact demand for our AI related products.

Concerns relating to the responsible use of AI in our and our customers' products may result in reputational and financial harm and liability. AI poses emerging ethical issues and presents risks and challenges that could affect its adoption, and therefore our business. If we or our customers enable or offer solutions that draw controversy due to their perceived or actual impact on society, such as AI solutions that have unintended consequences or are controversial, we may experience reputational harm, competitive harm, financial harm or legal liability.

***Shortages in, or increased costs of, wafers and materials could adversely impact our gross margins and lead to reduced revenues.***

Worldwide manufacturing capacity for silicon wafers is relatively inelastic. If the demand for silicon wafers or assembly material exceeds market supply, our supply of silicon wafers or assembly material could quickly become limited or prohibitively expensive. Silicon wafers constitute a material portion of our product cost and if we are unable to purchase wafers at favorable prices, our results of operations and financial condition will be adversely affected. The semiconductor industry recently experienced significant shortages of manufacturing capacity, which resulted in a lengthening of the manufacturing lead time for our products and which has at times harmed our revenue. While this capacity shortage has improved, we may experience capacity restraints again in the future. We have also experienced, during times of supply chain capacity shortages, customers placing orders for our products that exceed their actual demand, which may lead to us manufacturing a surplus of products and could have a negative impact on our results of operations and cash reserves and lead to us and our customers having excess inventory.

***Our primary inventory warehouse is located in Hong Kong and may be affected by continued political, social, health and economic conditions in Hong Kong.***

We operate a warehouse facility in Hong Kong through which the substantial majority of our finished SoCs are shipped to customers or our logistic partners. Hong Kong has experienced, and continues to experience, political unrest and social strife. The Bureau of Industry and Security, or BIS, of the U.S. Department of Commerce, or Commerce, imposes on Hong Kong the same stringent export and reexport controls applicable to China, including licensing requirements such as those applicable to SoCs and semiconductor end-uses. It is possible that the U.S. government may take future measures to impose stricter export controls or duties on shipments made to Hong Kong, which could harm our business, increase the cost of conducting our operations in Hong Kong or result in retaliatory actions against U.S. interests. While we have not been materially impacted by these problems to date, continued deterioration in political, social or economic conditions in Hong Kong or future unforeseen problems, including health pandemics, could affect deliveries of our SoCs to our customers or logistic partners, possibly resulting in business interruptions, substantially delayed or lost sales, loss of inventory, or increased expenses that cannot be passed on to customers, any of which could ultimately have a material adverse effect on our business and financial results. In addition, we could be forced to relocate our warehouse operations, either temporarily or permanently, to another potentially costlier location (or a location resulting in higher tax costs) or find alternative potentially costlier methods of shipping our finished SoCs to customers and logistic partners.

***Our target markets may not grow or develop as we currently expect and are subject to market risks, any of which could harm our business, revenue and operating results.***

We are focusing our development resources on addressing computer vision applications, primarily in the automotive and IoT markets. The application of computer vision functionality in these markets is relatively new, and we may be unable to predict the timing or development of these markets with accuracy. For example, a slower than expected adoption rate for AI technology in automotive or IP security camera applications could slow the demand for our new solutions. Similarly, changes in the projected growth rate for ADAS or autonomous driving technology in the automotive market due to government regulations or changes in consumer preferences could negatively impact demand for our solutions. If our key target markets do not grow, grow slower, or do not develop in ways that we currently expect, demand for our SoCs may not materialize as expected, and our business and operating results could suffer.

***Our customers may cancel their orders, change production quantities or delay production. If we fail to accurately forecast demand for our solutions, revenue shortfalls or excess, obsolete or insufficient inventory could result.***

Our customers typically do not provide us with firm, long-term purchase commitments. A substantial majority of our sales are made on a purchase order basis, which customers may seek to cancel, change or delay their product purchase commitments with little or no notice to us. Because production lead times often exceed the amount of time required by our customers to fill their orders, we often must build SoCs in advance of receiving orders from customers, relying on an imperfect demand forecast to project volumes and product mix. As a result of a number of factors, including longer manufacturing times for our products and increased demand from customers during fiscal year 2023, we increased our inventory levels. While these factors have subsided and our inventory conditions have generally returned to normal level, we may experience similar inventory level fluctuations in the future.

Our SoCs are incorporated into products manufactured by or for our end customers, and as a result, demand for our solutions is influenced by the demand for our customers' products. Our ability to accurately forecast demand can be adversely affected by a number of factors, including inaccurate forecasting by our customers, changes in market conditions including reductions in market activity due to pandemics, adverse changes in our product order mix and fluctuating demand for our customers' products. Even after an order is received, our customers may seek to cancel these orders, request a decrease in production quantities or request a delay in the delivery of our solutions. Any such cancellation, decrease or delay subjects us to a number of risks, most notably that our projected sales will not materialize on schedule or at all, leading to unanticipated revenue shortfalls and excess or obsolete inventory that we may be unable to sell to other customers.

Alternatively, if we are unable to project customer requirements accurately, we may not build enough SoCs, which could lead to delays in product shipments and lost sales opportunities in the near term, as well as force our customers to identify alternative sources, which could affect our ongoing relationships with these customers. In addition, the rapid pace of innovation in our industry could render portions of our inventory obsolete. Excess or obsolete inventory levels could result in unexpected expenses or increases in our reserves that could adversely affect our business, operating results and financial condition.

***We depend on a limited number of customers and end customers for a significant portion of our revenue. If we fail to retain or expand our customer relationships, our revenue could decline.***

We derive a significant portion of our revenue from a limited number of ODMs who build products on behalf of a limited number of OEMs and from a limited number of OEMs to whom we ship directly. We anticipate that this customer concentration will continue for the foreseeable future. In fiscal year 2025, the customer representing 10% or more of our revenue was WT Microelectronics Co., Ltd., or WT, which serves as our non-exclusive sales representative and fulfillment partner in Asia other than Japan, accounted for approximately 63% of total revenue. In addition, we believe that revenue from our top 10 end customers, either directly or through a distributor or an ODM, accounted for approximately 59% of our total revenue in fiscal year 2025. We believe that our operating results in the near term will continue to depend on sales to a relatively small number of customers and end customers. In the future, these customers may decide not to purchase our SoC solutions at all, may purchase fewer solutions than they did in the past or may alter their purchasing patterns. As substantially all of our sales to date have been made on a purchase order basis, these customers may cancel, change or delay product purchase commitments with little or no notice to us and often without penalty and may make our revenue volatile from period to period, which has happened in the past. The loss of a significant customer, or substantial reduction in purchases by a significant customer, could happen again at any time and without notice, and such loss would likely harm our financial condition and results of operations. Moreover, because several of our largest OEM customers have a dominant position in their markets, a loss of a significant customer may not be easily replaced.

***Achieving design wins is subject to lengthy competitive selection processes that require us to incur significant costs. Even if we begin a product design, a customer may decide to cancel or change its product plans, resulting in no revenue from such expenditures.***

We are focused on selling our SoC solutions to ODMs and OEMs for incorporation into their products at the design stage. These efforts to achieve design wins typically are lengthy, especially in emerging markets, such as the OEM automotive market, and in any case can require us to both incur design and development costs and dedicate scarce engineering resources in pursuit of a single customer opportunity. We may not prevail in the competitive selection process, and even when we do achieve a design win, we may never generate any revenue despite incurring development expenditures. In addition, even if an OEM designs one of our SoC solutions into one of its products, we cannot be assured that we will secure new design wins from that OEM for future products. Further, even after securing a design win, we have experienced and may again experience delays in generating revenue from our solutions as a result of the lengthy product development cycle typically required, if we generate any revenue at all as a result of any such design win.

Our customers generally take a considerable amount of time to evaluate our solutions. The typical time from early engagement by our sales force to actual product introduction runs from nine to 12 months for IoT markets and potentially significantly longer in the OEM automotive, robotics and industrial markets. The delays inherent in these lengthy sales cycles increase the risk that a customer will decide to cancel, curtail, reduce or delay its product plans, causing us to lose anticipated sales. In addition, any delay or cancellation of a customer's plans could harm our financial results, as we may have incurred significant expense and generated no revenue. If we were unable to generate revenue after incurring substantial expenses to develop any of our solutions, our business would suffer.

***Some of our customers may require our products and our third-party contractors to undergo a qualification process that does not assure product sales. If we are unsuccessful or delayed in qualifying these products or third-party contractors with a customer, our business and operating results could suffer.***

Prior to purchasing our products, some of our customers, particularly in the automotive market, may require that our products and our third-party contractors undergo extensive qualification processes, which involve testing of our products in the customers' systems, as well as testing for reliability of our products and our supply chain. This qualification process may take several months and qualification of a product by a customer does not assure any sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision in our third-party contractors' manufacturing process or our selection of a new supplier may require a new qualification process, which may result in delays and in our holding excess or obsolete inventory. After our products are qualified, it can take several months or more before the customer commences volume production of components or systems that incorporate our products. Despite these uncertainties, we devote substantial resources, including design, engineering, sales, marketing and management efforts, to qualify our products with customers in anticipation of sales. If we are unsuccessful or delayed in qualifying these products with a customer, sales of the products to the customer may be precluded or delayed, which may impede our growth and cause our business to suffer.

***We expect competition to increase in the future, which could have an adverse effect on our revenue and market share.***

The global semiconductor market in general, and the computer vision and video/image processing markets in particular, are highly competitive. We compete in different target markets to various degrees on the basis of a number of competitive factors, including our solutions' performance, features, energy efficiency, size, ease with which our solution may be integrated into our customers' products, customer support, reliability and price, as well as on the basis of our reputation. We expect competition to increase and intensify as more and larger semiconductor companies enter our markets and as existing competitors improve or expand their product offerings. We also expect that the trend among large OEMs to seek to develop their own semiconductor solutions will continue and expand, particularly in camera markets experiencing consolidation, such as the IP security market. In addition, in our newer markets, such as the OEM automotive and robotics markets, we will face competition from larger competitors with greater resources, longer histories in these markets and established relationships with OEMs and ODMs. Increased competition could result in price pressure, reduced profitability and loss of market share, any of which could harm our business, revenue and operating results.

Our competitors range from large, international companies with greater resources offering a wide range of semiconductor products to smaller, nimble companies specializing in narrow markets. In the IoT market, our primary competitors include AMLogic Inc., Fuzhou Rockchip Electronics Co., Ltd., HiSilicon Technologies Co., Ltd., or HiSilicon, which is owned by Huawei Technologies Co., Ingenic Semiconductor Co., Ltd., Novatek Microelectronics Corp., or Novatek, NVIDIA Corporation, or NVIDIA, OmniVision Technologies, Inc., Qualcomm Incorporated, or Qualcomm, SigmaStar Technology Corp., and Socionext Inc. In the automotive camera market, we compete against Allwinner Technology Co., Ltd., Horizon Robotics Inc., iCatch Technology, Inc., Mobileye, a subsidiary of Intel Corporation, Novatek, NVIDIA, NXP Semiconductors N.V., Qualcomm, Renesas Electronics Corporation, and Texas Instruments. Certain of our customers and suppliers also have divisions that produce products competitive with ours and other customers may seek to vertically integrate competitive solutions in the future. In addition, certain third-party developers of technology competitive to our solutions have licensed their technology, including image signal processing and computer vision IP, which potentially enables a greater number of competitors to offer competitive solutions.

Our ability to compete successfully depends on elements both within and outside of our control. Many of our competitors are substantially larger, have greater financial, technical, marketing, distribution, customer support and other resources, are more established than we are and have significantly better brand recognition and broader product offerings than us, which may enable them to develop and enable new technology into product solutions better or faster than us and to better withstand adverse economic or market conditions in the future. Our ability to compete will depend on a number of factors, including:

- our ability to anticipate market and technology trends and successfully develop solutions that meet market needs;
- our ability to understand the price points and performance metrics of competing products in the marketplace;
- our solutions' performance and cost-effectiveness relative to that of competing products;

- our success in identifying and penetrating new markets, applications and customers;
- our ability to gain access to leading design tools and product specifications at the same time as our competitors;
- our ability to develop and maintain relationships with key OEMs and ODMs;
- our products' effective implementation of video processing or radar standards;
- our ability to protect our intellectual property;
- our ability to expand international operations in a timely and cost-efficient manner;
- our ability to deliver products in volume on a timely basis at competitive prices;
- our ability to support our customers' incorporation of our solutions into their products; and
- our ability to recruit design and application engineers with expertise in computer vision, video and image processing technologies and sales and marketing personnel.

Our competitors may also establish cooperative relationships among themselves or with third parties or acquire companies that provide similar products to ours. As a result, new competitors or alliances may emerge that could acquire significant market share. Any of these factors, alone or in combination with others, could harm our business and result in a loss of market share and an increase in pricing pressure.

***A breach of our security systems may have a material adverse effect on our business.***

Our security systems are designed to maintain the physical security of our facilities and information systems and protect our confidential information and that of our customers, suppliers and employees. Accidental or willful security breaches or incidents or other unauthorized access to our facilities or our information systems or the existence of computer viruses or other malicious code or security vulnerabilities in our data or software could expose us to a risk of loss, unavailability, misappropriation and other unauthorized processing of proprietary and confidential information. Our efforts to eliminate or alleviate cyber or other security problems, bugs, viruses, ransomware and other malicious software programs and security vulnerabilities could impose significant costs, may not be successful, and could result in interruptions and delays that may impede critical functions.

Security breaches and incidents, computer malware and computer hacking attacks have become more prevalent and sophisticated. These threats are constantly evolving, making it difficult to defend against or implement preventive measures, and we may face difficulties or delays in identifying and otherwise responding to any security breach or incident. Moreover, remote work by our personnel and remote access to our systems increase our cybersecurity risk profile. We expect to incur significant costs in an effort to detect and prevent security breaches and incidents, and any actual or perceived security breach or incident may require us to incur significant costs in notifying relevant persons and entities and may otherwise increase our costs and require us to expend substantial resources. Our policies and security measures cannot guarantee security, and our information technology (IT) infrastructure, including our networks and systems, may be vulnerable to security breaches and incidents, cyber-attacks, or fraud. Third parties have attempted, and will likely continue to attempt, to penetrate and/or infect our network and systems with malicious software and phishing attacks in an effort to gain access to our network and systems. Hackers or others may be able to penetrate our security controls, misappropriate or compromise our confidential information or that of third parties, deploy viruses, worms, ransomware or other malicious code, or cause damage or disruptions to our IT infrastructure. For portions of our IT infrastructure, we rely on offerings provided by third parties. These third-party offerings relate to, among other things, human resources, electronic communication services and some finance functions, and we are dependent on these third parties' security systems. These third parties are subject to similar, and in certain cases greater, security threats than we face. These third parties may also experience breaches, incidents, and attacks compromising or otherwise impacting their offerings, and their offerings may contain security vulnerabilities or malicious code, or otherwise detrimentally impact our systems. Any unauthorized access to, or other security breaches or incidents impacting, the systems of our service providers, or any computer viruses, ransomware or other malicious code in their data or software, could expose us to risks of unauthorized access to our IT infrastructure and loss, misappropriation, unavailability and other unauthorized processing of information. Security breaches and incidents may also result from non-technical means, such as employee or contractor malfeasance or negligence. Any security breach or incident or theft, misuse, loss, unavailability or other unauthorized processing of information, or the perception that any of these matters has occurred, could result in, among other things, damage to our reputation, allegations by our customers that we have not performed our contractual obligations, regulatory investigations and other proceedings, litigation and possible penalties, damages, and other liabilities, any of which could have a material adverse effect on our business, financial condition, our reputation, and our relationships with our customers and partners. We may also encounter or be subject to bugs, errors, or hacking or other events resulting in system interruptions or other disruptions, corruption or loss of data, an inability to accurately process or record transactions, and security or technical reliability issues. All of these could harm our ability to conduct core operating functions and could impact our internal control compliance efforts. Due to conflicts and geopolitical events, we and

many third parties we work with are vulnerable to a heightened risk of cybersecurity attacks, and other means of causing security breaches and incidents from nation-state and affiliated actors.

Additionally, we cannot be certain that our insurance coverage will be adequate or otherwise protect us with respect to claims, expenses, fines, penalties, business loss, data loss, litigation, regulatory actions, or other impacts arising from security breaches or incidents, or that such coverage will continue to be available on acceptable terms or at all. Any of these results could adversely affect our business, financial condition, and operating results.

***While we intend to continue to invest in research and development, we may be unable to make the substantial investments that are required to remain competitive in our business.***

The semiconductor industry requires substantial investment in research and development in order to bring to market new and enhanced solutions. Our research and development expense was \$226.1 million, \$215.1 million and \$204.9 million in fiscal years 2025, 2024 and 2023, respectively. In general, we expect to increase our research and development expenditures in future periods as compared to prior periods as part of our strategy of focusing on the development of innovative computer vision, video and image processing solutions with increased functionality, and as we target key markets, such as the automotive OEM and robotics markets. We are unable to predict whether we will have sufficient resources to achieve the level of investment in research and development required to remain competitive. For example, development in the latest process nodes, such as 5 nanometer, or nm, or smaller, costs significantly more than required to develop in larger process nodes, such as 14 or 10nm. This added cost could prevent us from being able to maintain a technology advantage over larger competitors that have significantly more resources to invest in research and development. In addition, we cannot assure you that the technologies which are the focus of our research and development expenditures will become commercially successful or generate any revenue. In addition, the U.S. government recently introduced regulations that require notification of, or prohibit certain transactions with entities in China or with linkages to China, which could apply to certain intracompany activities between a U.S. based corporation and its China subsidiaries that support research and development activities, which could limit our ability to carry out certain research and development activities in China.

***We rely on highly skilled personnel and, if we are unable to hire, retain or motivate key personnel, we may not be able to grow effectively, which could harm our business.***

We believe our performance depends in large part on the talents and efforts of our senior management and other highly skilled individuals. Our future success depends on our continuing ability to identify, hire, develop, motivate, and retain highly skilled personnel for all areas of our organization. Our industry is characterized by high demand and intense competition for talent, particularly for engineering personnel. The pool of qualified candidates is limited, particularly in Silicon Valley and parts of Asia for very-large-scale integration, or VLSI, and artificial intelligence and computer vision engineers, and certain of our competitors and potential competitors with greater resources have directly targeted our employees. In addition, we also face competition in hiring artificial intelligence engineers, including from companies with which we do not directly compete. Our compensation arrangements, such as our equity award programs, may not always be successful in attracting new employees and retaining and motivating our existing senior executives and employees. Our continued ability to compete effectively, and to grow our business, depends on our ability to attract new employees and to retain and motivate our existing senior executives and employees.

***The average selling prices of semiconductor solutions in our target markets have typically decreased over time and will likely do so in the future, which could harm our revenue and gross margins.***

Average selling prices of semiconductor products in the markets we serve have historically decreased over time, and we expect such declines to occur for our solutions over time. Our gross margins and financial results will suffer if we are unable to offset reductions in our average selling prices by reducing our costs, developing new or enhanced SoC solutions, such as our new AI computer vision-based solutions, on a timely basis with higher selling prices or gross margins, or increasing our sales volumes. Additionally, because we do not operate our own manufacturing, assembly or testing facilities, we may not be able to reduce our costs as rapidly as companies that operate their own facilities, and our costs may even increase, which could also reduce our gross margins. In the past, we have reduced the prices of our SoC solutions 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 address pricing pressures again in the future, particularly in markets experiencing consolidation, which could require us to reduce the prices of our SoC solutions and harm our operating results.

***If we are unable to manage any future growth, we may not be able to execute our business plan and our operating results could suffer.***

Our business has, at times, grown rapidly in the past. Our future operating results depend to a large extent on our ability to successfully manage any expansion and growth, including the challenges of managing a company with an executive management team in the United States and the majority of its employees in Asia. We are increasing our investment in research and development and other functions to grow our business and address new markets, such as the OEM automotive and robotics markets.

We are likely to incur the costs associated with any increased investments earlier than some of the anticipated benefits, and the return on these investments, if any, may be lower, may develop more slowly than we expect or may not materialize. If we are unable to manage growth effectively, we may not be able to take advantage of market opportunities or develop new solutions, and we may fail to satisfy customer product or support requirements, maintain product quality, execute our business plan or respond to competitive pressures.

***Deterioration of the financial conditions of our customers could adversely affect our operating results.***

Deterioration of the financial condition of our distributors or customers could adversely impact our future revenues and collection of accounts receivable. For the fiscal year ended January 31, 2025, the customer representing 10% or more of revenue was WT, which accounted for approximately 63% of total revenue. As of January 31, 2025, accounts receivable with WT was approximately \$12.3 million. We regularly review the collectability and creditworthiness of our distributors and customers to determine an appropriate allowance for credit losses. Based on our review of our distributors and customers, we currently have only immaterial reserves for uncollectible accounts. If our uncollectible accounts, however, were to exceed our current or future allowance for credit losses, our operating results and cash flows would be negatively impacted.

***We are subject to the cyclical nature of the semiconductor industry.***

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, rapid product obsolescence, price erosion, evolving standards, short product life cycles and wide fluctuations in product supply and demand. Cyclical downturns have been characterized by diminished product demand, production overcapacity, high inventory levels and accelerated erosion of average selling prices, which could harm our business and operating results. We are dependent on the availability of third-party foundry and assembly capacity to manufacture and assemble our SoC solutions. None of our third-party foundry or assembly contractors has provided assurances that adequate capacity will be available to us in the future. The semiconductor industry recently experienced significant shortages of capacity, which resulted in a lengthening of the manufacturing lead time for our products. Such capacity shortages could negatively impact our ability to meet our customers' demand for our products and have an adverse impact on our revenue, results of operations and customer relationships. We have also experienced, during times of supply chain capacity shortage, customers placing orders for our products that exceed their actual demand, which may lead to us manufacturing a surplus of products and could have a negative impact on our results of operations and cash reserves. Recent supply chain challenges have subsided, we may face similar supply chain challenges in future periods. Challenges may recur in future periods with changes in the macro-economic environment, including imposition of higher or additional tariffs by the U.S. Government on imports and new or additional restrictions on exports to foreign locations.

***The complexity of our solutions could result in unforeseen delays or expenses from undetected defects, errors or bugs in hardware or software which could reduce the market adoption of our new solutions, damage our reputation with current or prospective customers and adversely affect our operating costs.***

Highly complex SoC solutions such as ours frequently contain defects, errors and bugs when they are first introduced or as new versions are released. We have in the past and may in the future experience these defects, errors and bugs. If any of our solutions have reliability, quality or compatibility problems, we may not be able to successfully correct these problems in a timely manner or at all. In addition, if any of our proprietary features contain defects, errors or bugs when first introduced or as new versions of our solutions are released, we may be unable to timely correct these problems. Consequently, our reputation may be damaged and customers may be reluctant to buy our solutions, which could harm our ability to retain existing customers and attract new customers, and could adversely affect our financial results. In addition, these defects, errors or bugs could interrupt or delay sales to our customers. If any of these problems are not found until after we have commenced commercial production of a new product, we may incur significant

additional development costs and product recall, repair or replacement costs. These problems may also result in claims against us by our customers or others.

***We may experience difficulties in transitioning to new wafer fabrication process technologies or in achieving higher levels of design integration, which may result in reduced manufacturing yields, delays in product deliveries and increased costs.***

We aim to use the most advanced manufacturing process technology appropriate for our products that is available from our third-party foundries. As a result, we periodically evaluate the benefits of migrating our solutions to smaller geometry process technologies in order to improve performance and reduce costs. We may face difficulties, delays and increased expense as we transition our products to new processes, such as the 2nm process node, and potentially to new foundries. We currently depend on Samsung, as the principal foundry for our products, to transition to new processes successfully. We cannot assure you that Samsung will be able to effectively manage such transitions or that we will be able to maintain our relationship with Samsung or develop relationships with new foundries. Moreover, as we utilize more advanced process nodes beyond 5nm, we are increasingly dependent upon a very small number of foundries currently available for certain advanced process technologies. If we or our foundry vendors experience significant delays in transitioning to smaller geometries or fail to efficiently implement transitions, we could experience reduced manufacturing yields, delays in product deliveries and increased costs, all of which could harm our relationships with our customers and our operating results.

***Rapidly changing industry standards could make our video and image processing solutions obsolete, which would cause our operating results to suffer.***

We design our solutions to conform to video compression standards, including MPEG-2, H.264 Advanced Video Coding (AVC) and H.265 High Efficiency Video Coding (HEVC), set by industry standards setting bodies such as ITU-T Video Coding Experts Group and the ISO/IEC Moving Picture Experts Group. In addition, new or revised industry standards relating to AI technologies may impose additional requirements. Generally, our solutions comprise only a part of a camera device. All components of these devices must uniformly comply with industry standards in order to operate efficiently together. Some industry standards may not be widely adopted or implemented uniformly, and competing standards may emerge that may be preferred by our customers or by consumers. If our customers or the suppliers that provide other device components adopt new or competing industry standards with which our solutions are not compatible, or if the industry groups fail to adopt standards with which our solutions are compatible, our existing solutions would become less desirable to our customers. If our solutions are not in compliance with prevailing industry standards for a significant period of time, we could miss opportunities to achieve crucial design wins, which could harm our business.

***Some of our operations and a significant portion of our customers and our subcontractors are located outside of the United States, which subjects us to additional risks, including increased complexity and costs of managing international operations and geopolitical instability.***

We have research and development design centers and business development offices in China, Germany, Italy, Japan, South Korea and Taiwan, and we expect to continue to conduct business with companies that are located outside the United States, particularly in Asia. We purchase wafers from foreign foundries, have our solutions assembled and tested by subcontractors located in Asia, and supply our solutions to customers located outside of the United States. Even customers of ours that are based in the United States often use contract manufacturers based in Asia to manufacture their products, and these contract manufacturers typically purchase products directly from us. As a result of our international focus, we face numerous challenges and risks, including:

- increased complexity and costs of managing international operations;
- longer and more difficult collection of receivables from customers;
- difficulties in enforcing contracts generally;
- regional economic instability;
- geopolitical instability and military conflicts, including the ongoing conflicts in Ukraine and the Middle East;
- limited protection of our intellectual property and other assets;
- compliance with local laws and regulations and unanticipated changes in local laws and regulations, including tax laws and regulations;
- trade and foreign exchange restrictions and higher and/or additional tariffs;
- travel restrictions;

- timing and availability of import and export licenses and other governmental approvals, permits and licenses, including export classification requirements;
- foreign currency exchange fluctuations relating to our international operating activities;
- restrictions imposed by the U.S. government on our ability to do business with certain companies or in certain countries as a result of international political conflicts;
- transportation delays and other consequences of limited local infrastructure, and disruptions, such as large-scale outages or interruptions of service from utilities or telecommunications providers;
- heightened risk of terrorist acts;
- local business and cultural factors that differ from standards and practices in the U.S.;
- differing employment practices and labor relations;
- regional health issues, pandemics, and natural disasters; and
- work stoppages.

***The complexity of calculating our tax provision may result in errors that could result in restatements of our financial statements.***

We are incorporated in the Cayman Islands and our operations are subject to income and transaction taxes in the United States, China, Hong Kong, Germany, Italy, Japan, South Korea, Taiwan and other jurisdictions in which we do business. Due to the complexity associated with the calculation of our tax provision, we have hired independent tax advisors to assist us. If we or our independent tax advisors fail to resolve or fully understand certain issues, there may be errors that could result in us having to restate our financial statements. The risk of errors may be exacerbated by the significant number of tax law changes recently enacted in the United States and other jurisdictions. Restatements are generally costly and could adversely impact our results of operations or have a negative impact on the trading price of our ordinary shares.

#### **Risks Related to Our Financial Performance or Results**

***Fluctuations in our operating results on a quarterly and annual basis could cause the market price of our ordinary shares to decline.***

Our revenue and operating results have fluctuated significantly from period to period in the past and are likely to do so in the future. As a result, you should not rely on period-to-period comparisons of our operating results as an indication of our future performance. It is also possible that our normal seasonal patterns will be impacted by ongoing macroeconomic uncertainty, future pandemics or disease outbreaks, supply chain disruptions and semiconductor capacity shortages, including the buildup of inventory by customers in response to such shortages, and continued high inflation. In future periods, our forecasted or actual revenue and results of operations may be below the expectations of analysts and investors, which could cause the market price of our ordinary shares to decline.

Factors that may affect our operating results include:

- fluctuations in demand, sales cycles, product mix, and prices for our products;
- the forecasting, scheduling, rescheduling or cancellation of orders by our customers;
- shifts in consumer or manufacturer preferences and any resultant change in demand for our customers' products;
- changes in the competitive dynamics of our markets, including new entrants or pricing pressures;
- delays in our customers' ability to manufacture and ship products that incorporate our solutions caused by internal and external factors beyond our control;
- our ability to successfully define, design and release new solutions in a timely manner that meet our customers' needs;
- timely availability of adequate manufacturing capacity from our manufacturing subcontractors;
- changes in manufacturing costs, including wafer, test and assembly costs, mask costs, manufacturing yields and product quality and reliability;
- the timing of product announcements by our competitors or by us;

- incurrence of research and development and related new products expenditures;
- write-downs of inventory for excess quantities and technological obsolescence;
- impairment of investment or other asset values;
- future accounting pronouncements and changes in accounting policies;
- volatility in our share price, which may lead to higher stock-based compensation expense;
- volatility in our effective tax rate;
- general socioeconomic and political conditions in the countries where we operate or where our products are sold or used, including recent macroeconomic volatility, pandemics or widespread public health problems, U.S.-China relations and the conditions in Hong Kong; and
- costs associated with litigation, especially related to intellectual property.

Moreover, the semiconductor industry has historically been cyclical in nature, reflecting overall economic conditions as well as budgeting and buying patterns of consumers. For example, the semiconductor industry recently experienced significant shortages of capacity, which resulted in a lengthening of the manufacturing lead time for our products and could be impacting the normal forecasting and ordering patterns of our customers. In recent periods, some customers have indicated they are reducing their inventory levels as lead times for semiconductor chips and other components used by customers shrink, which has reduced, and may continue to reduce, such customers' demand for our products in future periods. We expect these cyclical conditions to continue. As a result, our quarterly operating results are difficult to predict, even in the near term. Our expense levels are relatively fixed in the short term and are based, in part, on our expectations of future revenue. If revenue levels are below our expectations, we may experience material adverse impacts on our business, including declines in margins, profitability and cash flows, or incur losses.

***If we do not generate revenue growth, we may not be able to execute our business plan and our operating results could suffer.***

We believe that our future revenue growth, if any, will significantly depend on our ability to expand within our existing IoT camera markets, such as the existing professional and home security and monitoring camera markets, and successfully penetrate new markets, such as the OEM automotive, robotics and industrial markets, with our new AI computer vision-based SoC solutions. We believe that executing upon our business plan requires us to continue to develop new SoCs and new software to address the particular requirements of these markets. Accordingly, we continue to invest in the development of new technology and solutions and expect our research and development expenditures to increase compared to prior periods. If we are unable to generate or maintain adequate revenue growth, our financial results could suffer and we may not be able to continue to invest in the development of new technology and solutions required to be successful.

***Fluctuations in exchange rates between and among the currencies of the countries in which we do business may adversely affect our operating results.***

Our sales have been historically denominated in U.S. dollars. An increase in the value of the U.S. dollar relative to the currencies of the countries in which our end customers operate could impair the ability of our end customers to cost-effectively integrate our SoCs into their devices which may materially affect the demand for our solutions and cause these end customers to reduce their orders, which would adversely affect our revenue and business. We may experience foreign exchange gains or losses due to the volatility of other currencies compared to the U.S. dollar. A significant portion of our solutions are sold to customers located outside the United States, primarily in Asia and we anticipate that this will continue. Sales to customers in Asia accounted for approximately 85%, 79% and 79% of our total revenue in fiscal years 2025, 2024 and 2023, respectively. Although a large percentage of our sales are made to customers in Asia, we believe that a significant number of the products designed by these customers and incorporating our SoCs are then sold to consumers globally. In addition, if in the future we sell products or purchase inventory in currencies other than the U.S. dollar, our exposure to foreign currency risk could become more significant.

A significant number of our employees are located in Asia, principally Taiwan and China, and Europe. Therefore, a portion of our payroll as well as certain other operating expenses are paid in currencies other than the U.S. dollar, such as the New Taiwan Dollar, the Chinese Yuan Renminbi and the Eurozone Euro. Our operating results are denominated in U.S. dollars and the difference in exchange rates in one period compared to another may directly impact period-to-period comparisons of our operating results. Furthermore, currency exchange rates, particularly the exchange rates between the Chinese Yuan Renminbi and the U.S. dollar, between the New Taiwan Dollar and the U.S. dollar, and between the Eurozone Euro and the U.S. dollar, have been volatile in the recent past and these currency fluctuations may make it difficult for us to predict our operating results.

We have not implemented any hedging strategies to mitigate risks related to the impact of fluctuations in currency exchange rates. Even if we were to implement hedging strategies, not every exposure can be hedged and, where hedges are put in place based on expected foreign exchange exposure, they are based on forecasts which may vary or which may later prove to have been inaccurate. Failure to hedge successfully or anticipate currency risks accurately could adversely affect our operating results.

***We cannot predict our future capital needs, and we may not be able to obtain additional financing to fund our operations.***

We may need to raise additional funds in the future. Any required additional financing may not be available on terms acceptable to us, or at all. If we raise additional funds by issuing equity securities or convertible debt, investors may experience significant dilution of their ownership interest, and the newly-issued securities may have rights senior to those of the holders of our ordinary shares. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility and would also require us to incur interest expense. If additional financing is not available when required or is not available on acceptable terms, we may have to scale back our operations or limit our production activities, and we may not be able to expand our business, develop or enhance our products, take advantage of business opportunities or respond to competitive pressures which could result in lower revenue and reduce the competitiveness of our products.

***Our marketable securities portfolio could experience a decline in market value or otherwise become illiquid, which could materially and adversely affect our financial results.***

As of January 31, 2025, we had approximately \$105.6 million invested in marketable debt securities. The debt security investments primarily consisted of commercial paper, corporate bonds, asset-backed securities and U.S. government securities. We currently do not use derivative financial instruments to adjust our investment portfolio risk or income profile. These investments, as well as any cash deposited in bank accounts, are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by unusual events, such as the pandemics or widespread public health problems, the Eurozone crisis, the U.S. debt ceiling crisis, and imposition of tariffs, which affected various sectors of the financial markets and led to global credit and liquidity issues. We regularly maintain cash balances that are not insured or are in excess of the Federal Deposit Insurance Corporation's (FDIC) insurance limit. If the global financial markets continue to experience volatility or deteriorate, our investment portfolio may be impacted and some or all of our investments may become illiquid or otherwise experience loss which could adversely impact our financial results and position. To the extent that we increase the amount of our security investments in the future, these risks would be exacerbated.

#### **Risks Related to Our Dependence on Third Parties**

***We outsource our wafer fabrication, assembly and testing operations to third parties, and if these parties fail to produce and deliver our products according to requested demands in specification, quantity, cost and time, our reputation, customer relationships and operating results could suffer.***

We rely on third parties for substantially all of our manufacturing operations, including wafer fabrication, assembly and testing. Currently, the majority of our SoCs are supplied by Samsung in facilities located in Austin, Texas and South Korea, from whom we have the option to purchase both fully assembled and tested products as well as tested die in wafer form for assembly. Samsung subcontracts the assembly and initial testing of the assembled chips it supplies to us to Signetics Corporation and STATS ChipPAC Ltd. In the case of purchases of tested die from Samsung, we contract the assembly to Advanced Semiconductor Engineering, Inc., or ASE. Final testing of all of our products is handled by Sigurd Corporation or King Yuan Electronics Co., Ltd. under the supervision of our engineers. We depend on these third parties to supply us with material of a requested quantity in a timely manner that meets our standards for yield, cost and manufacturing quality. Moreover, because each SoC is fabricated in only one manufacturing facility, or single sourced, any disruption to a facility could cause significant delays in the production or shipment of the products produced in that facility that could not be easily offset by having such product(s) produced in another facility. We do not have any long-term supply agreements with any of our manufacturing suppliers. If one or more of these vendors terminates its relationship with us, or if we encounter any problems with our manufacturing supply chain, including available capacity constraints, our ability to ship our solutions to our customers on time and in the quantity required would be adversely affected, which in turn could cause an unanticipated decline in our sales and damage our customer relationships.

If, in the future, we enter into arrangements with suppliers that include additional fees to expedite delivery, nonrefundable deposits or loans in exchange for capacity commitments or commitments to purchase specified quantities over extended periods, such arrangements may be costly, reduce our financial flexibility and be on terms unfavorable to us, if we are able to secure such arrangements at all. To date, we have not entered into any such arrangements with our suppliers. If we need additional foundry or assembly and test subcontractors because of increased demand or the inability to obtain timely and adequate deliveries from our current vendors, we may not be able to do so cost-effectively, if at all.

***We do not have long-term supply contracts with our third-party manufacturing vendors, and they may not allocate sufficient capacity to us at reasonable prices to meet future demands for our solutions.***

The semiconductor industry is subject to intense competitive pricing pressure from customers and competitors. Accordingly, any increase in the cost of our solutions, whether by adverse purchase price variances or adverse manufacturing cost variances, will reduce our gross margins and operating profit. We currently do not have long-term supply contracts with most of our primary third-party vendors, and we negotiate pricing with our main vendors on a purchase order-by-purchase order basis. Therefore, they are not obligated to perform services or supply product to us for any specific period, in any specific quantities, or at any specific price, except as may be provided in a particular purchase order. The ability of our foundry vendors to provide us with a product, which is solely sourced at each foundry, is limited by their available capacity, existing obligations and technological capabilities. Foundry capacity may not be available when we need it or at reasonable prices. None of our third-party foundry or assembly and test vendors have provided contractual assurances to us that adequate capacity will be available to us to meet our anticipated future demand for our solutions. We have experienced and may again experience in the future supply constraints at our primary foundry and assembly vendors resulting from industry wide supply chain challenges.

Our foundry and assembly and test vendors may allocate capacity to the production of other companies' products while reducing deliveries to us on short notice. In particular, other companies that are larger and better financed than we are or that have long-term agreements with our foundry or assembly and test vendors may cause our foundry or assembly and test vendors to reallocate capacity to them, decreasing the capacity available to us. Converting or transferring manufacturing from a primary location or supplier to a backup provider could be expensive and would likely take at least two or more quarters. There are only a few foundries, including Samsung and Taiwan Semiconductor Manufacturing Co., Ltd., or TSMC, that are currently available for certain advanced process technologies that we utilize or may utilize, such as 10nm or 5nm. Accordingly, as we continue to develop solutions in advanced process nodes, we will be increasingly dependent upon such foundries. The unavailability of one or both of these foundries could significantly impact our ability to produce our new products or delay production, which would negatively impact our business.

***If our foundry vendors do not achieve satisfactory yields or quality, our reputation and customer relationships could be harmed.***

The fabrication of our video and image processing SoC solutions is a complex and technically demanding process. Minor deviations in the manufacturing process can cause substantial decreases in yields, and in some cases, cause production to be suspended. Our foundry vendors, from time to time, experience manufacturing defects and reduced manufacturing yields, including in the fabrication of our SoCs. Changes in manufacturing processes or the inadvertent use of defective or contaminated materials by our foundry vendors could result in lower than anticipated manufacturing yields or unacceptable performance of our SoCs. Many of these problems are difficult to detect at an early stage of the manufacturing process and may be time consuming and expensive to correct. Poor yields from our foundry vendors, or defects, integration issues or other performance problems in our solutions, could cause us significant customer relations and business reputation problems, harm our financial results and give rise to financial or other damages to our customers. Our customers might consequently seek damages from us for their losses. A product liability claim brought against us, even if unsuccessful, would likely be time consuming and costly to defend.

Each of our SoC solutions is manufactured at a single location. If we experience manufacturing problems at a particular location, we would be required to transfer manufacturing to a new location or supplier. Converting or transferring manufacturing from a primary location or supplier to a backup fabrication facility could be expensive and could take two or more quarters. We do not seek to maintain sufficient inventory to address a lengthy transition period because we believe it is uneconomical. As a result, we may not be able to meet customer needs during such a transition, which could result in a decline in our sales, negatively impact our financial results and damage our customer relationships.

***Our customers incorporate components supplied by multiple third parties, and a supply shortage or delay in delivery of these components could delay orders for our solutions by our customers.***

Our customers purchase components used in the manufacture of their products from various sources of supply, often involving several specialized components, including lenses, sensors, microcontrollers, power management integrated circuits (PMICs), Wi-Fi chips, and memory chips. Any supply shortage or delay in delivery by third-party component suppliers, or a third-party supplier's cessation or shut down of its business, may prevent or delay production of our customers' products. As a result of delays in delivery or supply shortages of third-party components, orders for our solutions may be delayed or canceled and our business may be harmed. Similarly, our ability to generate design wins in some markets, such as the automotive OEM market, requires us to collaborate with third-party software suppliers in order to offer a complete solution to customers. Our inability to successfully collaborate with such third-party suppliers, or such suppliers' inability to develop and deliver software, could harm our ability to achieve design wins and harm our business.

***A substantial portion of our revenue is processed through a single distributor and the loss of this distributor may cause disruptions in our shipments, which may adversely affect our operations and financial condition.***

We sell a significant percentage of our solutions through a single distributor, WT, which serves as our non-exclusive sales representative and fulfillment partner in Asia other than Japan. Approximately 63%, 53% and 57% of our revenue was derived from sales through WT for the fiscal years ended January 31, 2025, 2024 and 2023, respectively. We anticipate that a significant portion of our revenue will continue to be derived from sales through WT in the foreseeable future. Our current agreement with WT is effective until January 2026, unless it is terminated earlier by either party for any or no reason with 60 days written notice or by failure of the breaching party to cure a material breach within 30 days following written notice of such material breach by the non-breaching party. Our agreement with WT will automatically renew for additional successive 12-month terms unless at least 60 days before the end of the then-current term either party provides written notice to the other party that it elects not to renew the agreement. Termination of the relationship with WT, either by us or by WT, could result in a temporary or permanent loss of revenue. We may not be successful in finding suitable alternative distributors on satisfactory terms, or at all, and this could adversely affect our ability to effectively sell our solutions in certain geographical locations or to certain end customers. Furthermore, WT, or any successor or other distributors we do business with, may face issues obtaining credit, which could impair their ability to make timely payments to us.

***We are subject to risks associated with our distributors' product inventories.***

We sell many of our products to customers through distributors who maintain their own inventory of our products for sale to ODMs and end customers. We allow limited price adjustments on sales to distributors. Price adjustments may be effected by way of credits for future product or by cash payments to the distributor, either in arrears or in advance, using estimates based on historical transactions. In accordance with ASC 606, we recognize revenue on sales to distributors upon shipment and transfer of control (known as "sell-in" revenue recognition) based on the amount of consideration expected to be received. To the extent that the actual consideration received is materially different from estimated variable consideration recognized, we may be required to adjust revenue in subsequent periods.

If our distributors are unable to sell an adequate amount of their inventory of our products in a given quarter to ODMs and end customers, or if they decide to decrease their inventories for any reason, such as adverse global economic conditions or a downturn in technology spending, our sales to these distributors and our revenues may decline. We also face the risk that our distributors may purchase, or for other reasons accumulate, inventory levels of our products in any particular quarter in excess of future anticipated sales to end customers. If such sales do not occur in the time frame anticipated by these distributors for any reason, these distributors may substantially decrease the amount of product they order from us in subsequent periods until their inventory levels realign with end-customer demand, which would harm our business and could adversely affect our revenues in such subsequent periods.

***We rely on third-party vendors to supply software development tools to us for the development of our new products, and we may be unable to obtain the tools necessary to develop or enhance new or existing products.***

We rely on third-party software development tools to assist us in the design, simulation and verification of new products or product enhancements. To bring new products or product enhancements to market in a timely manner, or at all, we need software development tools that are sophisticated enough or technologically advanced enough to complete our design, simulations and verifications. In the future, the design requirements necessary to meet consumer demands for more features and greater functionality from our solutions may exceed the capabilities of available software development tools. Unavailability of software development tools may result in our missing design cycles or losing design wins, either of which could result in a loss of market share or negatively impact our operating results.

Because of the importance of software development tools to the development and enhancement of our solutions, our relationships with leaders in the computer-aided design industry, including Cadence Design Systems, Inc., Mentor Graphics Corporation and Synopsys, Inc., are critical to us. If these relationships are not successful, we may be unable to develop new products or product enhancements in a timely manner, which could result in a loss of market share, a decrease in revenue or negatively impact our operating results.

***We rely on third parties to provide services and technology necessary for the operation of our business. Any failure of one or more of our vendors, suppliers or licensors to provide such services or technology could harm our business.***

We rely on third-party vendors to provide critical services, including, among other things, services related to accounting, human resources, information technology and network monitoring that we cannot or do not create or provide ourselves. We depend on these vendors to ensure that our corporate infrastructure will consistently meet our business requirements. The ability of these third-party vendors to successfully provide reliable and high-quality services is subject to technical and operational uncertainties that are beyond our control. While we may be entitled to damages if our vendors fail to perform under their agreements with us, our agreements with these vendors limit the amount of damages we may receive. In addition, we do not know whether we will be able to collect on any award of damages or that these damages would be sufficient to cover the actual costs we would incur as a result of any vendor's failure to perform under its agreement with us. Upon expiration or termination of any of our agreements with third-party vendors, we may not be able to replace the services provided to us in a timely manner or on terms and conditions, including service levels and cost, that are favorable to us, and a transition from one vendor to another vendor could subject us to operational delays and inefficiencies until the transition is complete.

***Any disruption to the operations of our third-party contractors and their suppliers could cause significant delays in the production or shipment of our products.***

Our operations could be harmed if manufacturing, logistics or other operations of our third-party contractors or their suppliers are disrupted for any reason, including natural disasters, high heat events or water shortages, severe storms, other negative impacts from climate change, information technology system failures, military actions or environmental, public health or regulatory issues. The majority of our products are manufactured by or receive components from third-party contractors located in South Korea, Taiwan and Japan. The risk of an earthquake or tsunami in South Korea, Taiwan, Japan and elsewhere in the Pacific Rim region is significant due to the proximity of major earthquake fault lines. We have had disruptions in the past due to natural disasters disrupting the operations of our suppliers and this could happen again. Any disruption resulting from such events could cause significant delays in the production or shipment of our products until we are able to shift our manufacturing, assembling or testing from the affected contractor to another third-party vendor. We may not be able to obtain alternate capacity on favorable terms, or at all.

#### **Risks Related to Our Legal and Regulatory Environment**

***Global economic and political conditions, including high inflation, recessionary concerns and trade restrictions, may have an impact on our business and financial condition in ways that we currently cannot predict.***

Our operations and performance depend significantly on global, regional and U.S. economic and geopolitical conditions. Customer demand for our solutions may be negatively impacted by weak economic conditions, high inflation or recessionary environments in the US and other nations. Inflation or other deteriorations in global economic conditions may impact our operating expenses and third parties may demand pricing accommodations, which could harm our ability to meet customer demands or collect revenue or otherwise harm our business and financial results.

General trade tensions between the United States and China have been escalating, which has, in our view, created and will perpetuate an uncertain business environment. Tariffs on Chinese-origin products have continued to increase and may do so further. Additionally, in 2022, the U.S. government announced new controls restricting the ability to send certain products and technology related to semiconductors, semiconductor manufacturing, advanced computing, supercomputing, and artificial intelligence to China, including Hong Kong, without an export license. In many cases, these licenses are subject to a policy of denial and will not be issued. These controls have continued to expand. While our current products are not restricted by these controls, such controls could impact our ability to export products to China in the future. It also is possible that the Chinese government will retaliate in ways that could impact our business. End-user and end-use restrictions continue to evolve and may change what we can provide to certain entities both in China and other countries.

In addition to negative impacts from existing tariffs and trade restrictions, if additional tariffs or trade restrictions are imposed on our SoC solutions or the products of our customers, or trade restrictions are imposed on our ability to conduct business with certain customers, there could be a negative impact on our operations and financial performance. Even in the absence of new restrictions, tariffs or changes in export classifications, it is possible that foreign customers could take actions to reduce dependence on the supply of components, including our solutions, that could be subject to new export classifications or trade restrictions. There are also risks that the Chinese government may, among other things, require the use of local suppliers, compel companies that do business in China to partner with local companies to conduct business and provide incentives to government-backed local customers to buy from local suppliers. A large portion of our employee base is in China and impacts to our China offices could significantly harm our operations, make it difficult to support customers and negatively impact product development. The materialization of these risks could have a material adverse effect on our business and financial condition. Further, our business and performance are subject to economic conditions, and our suppliers, distributors, and customers may suffer their own financial and economic challenges.

The U.S. government recently introduced regulations that require notification of or prohibit certain transactions by the Company with entities in China or with linkages to China. These regulations could apply to certain intracompany activities with our China subsidiary or other activities with entities in China or with linkages to China. These regulations could also limit the ability of others to transact certain business with the Company if those transactions involve or benefit, directly or indirectly our operations in China.

Russia's ongoing conflict with Ukraine has triggered significant sanctions from U.S. and European leaders. Changes in U.S. trade policy could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a trade war. These sanctions and restrictions have continued to increase as the conflict has further escalated, and the United States and other countries could impose wider sanctions and export restrictions and take other actions in the future that could impact our business. Furthermore, if the conflict between Russia and Ukraine continues, or if other countries, including the U.S., become further involved in the conflict, we could face significant adverse effects to our business and financial condition.

We have significant business operations in Taiwan, including 352 employees as of January 31, 2025, and many of our third-party manufacturing suppliers are located in Taiwan. Accordingly, our business, financial condition and results of operations may be affected by changes in governmental and economic policies in Taiwan, social instability and diplomatic and social developments in or affecting Taiwan due to its international political status. Although significant economic and cultural relations have been established between Taiwan and China, we cannot assure that relations between Taiwan and China will not face political or economic uncertainties in the future. Any deterioration in the relations between Taiwan and China, and other factors affecting military, political or economic conditions in Taiwan, could disrupt our business operations and materially and adversely affect our results of operations.

***Our ability to sell our products to several China customers has been restricted.***

Several of our customers, including Hangzhou Hikvision Digital Technology Co., Ltd. or Hikvision, Zhejiang Dahua Technology Co., Ltd., or Dahua, and affiliates of Shenzhen Dajiang Baiwang Technology Co., Ltd., have been added to the BIS Entity List, which imposes limitations on the supply of U.S. controlled items to the listed entities. These customers may seek to obtain similar or substitute products from our competitors that are not subject to these limitations, or to develop similar or substitute products themselves. We also cannot be certain what additional actions the U.S. government may take with respect to any of our China customers, including changes to the Entity List restrictions, export regulations, tariffs or other trade restrictions, or whether the Chinese government may take any actions in response to U.S. government action that may adversely affect our ability to do business with our China customers. Even in the absence of new restrictions, tariffs or trade actions imposed by the U.S. or Chinese government, our China customers may take actions to reduce dependence on the supply of components subject to U.S. trade regulations, including our SoC solutions, which could have a material adverse effect on our operating results. We are unable to predict the duration of the restrictions imposed by the U.S. government or of any additional governmental actions, any of which could have a long-term adverse effect on our business, operating results and financial condition.

***We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in international markets.***

The U.S. and various foreign governments have imposed controls, export license requirements and restrictions on the import or export of certain products, technologies and software. We must export our products in compliance with U.S. export controls, including the Commerce's Export Administration Regulations. We may not always be successful in obtaining necessary export licenses, and our failure to obtain required import or export approval for our products or limitations on our ability to export or sell our products imposed by these laws may harm both our international and domestic sales and adversely affect our revenue. Noncompliance with these laws could have negative consequences, including government investigations, penalties and reputational harm.

Changes in our products or changes in export, import and economic sanctions laws and regulations may delay our introduction of new products in international markets, prevent our customers from deploying our products internationally or, in some cases, prevent the export or import of our products to or from certain countries altogether. Any change in export or import regulations or legislation, shift or change in enforcement, or change in the countries, persons or technologies targeted by these regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. In such event, our business and results of operations could be adversely affected.

***We are subject to warranty and product liability claims and to product recalls.***

From time to time, we are subject to warranty claims that may require us to make significant expenditures to defend these claims or pay damage awards. In the future, we may also be subject to product liability claims resulting from failure of our solutions or if products we design, manufacture, or sell, cause personal injury or property damage, even where the cause is unrelated to product defects. These risks will likely increase as our products are introduced into new devices, markets, or applications, including autonomous and semi-autonomous automotive, drone and robotic applications. In the event of a warranty claim, we may also incur costs if we compensate the affected customer. We maintain product liability insurance, but this insurance is limited in amount and subject to significant deductibles. There is no guarantee that our insurance will be available or adequate to protect against all claims. We also may incur costs and expenses relating to a recall of one of our customers' products containing one of our devices. The process of identifying a recalled product in consumer devices that have been widely distributed may be lengthy and require significant resources, and we may incur significant replacement costs, contract damage claims from our customers and reputational harm. Costs or payments made in connection with warranty and product liability claims and product recalls could harm our financial condition and results of operations, as well as harm our reputation and cause the market value of our ordinary shares to decline.

***We are subject to governmental laws, regulations and other legal obligations related to privacy, data protection and cybersecurity.***

The legislative and regulatory framework for privacy, data protection and cybersecurity issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. We collect and otherwise process personal information and other data as part of our business processes and activities. These actions are subject to a variety of U.S. and international laws and regulations, and oversight by various regulatory or other governmental bodies. Many foreign countries and governmental bodies, including China, the European Union and other relevant jurisdictions where we conduct business, have laws and regulations concerning these matters that are more restrictive than those in the U.S. For example, the European Union has adopted the General Data Protection Regulation, or GDPR, which imposed stringent data protection requirements and provided for substantial penalties for noncompliance, including the potential for fines of up to €20 million or 4% of the annual global revenues of the noncompliant entity, whichever is greater. The United Kingdom has adopted legislation that substantially implements the GDPR and provides for a similar penalty structure. Similarly, California has adopted the California Consumer Privacy Act of 2018, or CCPA, which took effect in 2020. The CCPA was modified by the California Privacy Rights Act of 2020, which became effective on January 1, 2023. Numerous other U.S. states have proposed, and in certain cases enacted privacy laws, many of which are similar to the CCPA.

In 2021, the National People's Congress passed the Data Security Law of the People's Republic of China (Data Security Law) and China's Personal Information Protection Law (PIPL). The Data Security Law is the first comprehensive data security legislation in China and aims to regulate a wide range of issues in relation to the collection, storage, processing, use, provision, transaction and publication of any kind of data. The PIPL is the first national-level law comprehensively regulating issues in relation to personal information protection in China, and provides for substantial fines and other remedies. The Data Security Law contains provisions that allow substantial government oversight and includes fines for failure to obtain required approval from China's cyber and data protection regulators for cross-border personal information-related data transfers.

Aspects of laws and regulations relating to privacy, data protection and cybersecurity, and their interpretation and enforcement, remain unclear, and these laws and regulations, as well as relevant industry standards or other actual or asserted obligations, may be interpreted or applied in a manner that is inconsistent with our practices or the features of our products or solutions. We may find it necessary to modify our products, solutions or practices and to incur substantial costs and expenses in an effort to comply. Further, in the event of any actual or alleged failure to comply with such laws, regulations, industry standards or other actual or asserted obligations, we could face fines, lawsuits, regulatory investigations, and other claims and penalties, and we could be required to fundamentally change our products or our business practices, which could have an adverse effect on our business. Any inability, or perceived inability, to adequately address privacy, data protection or cybersecurity concerns, or to comply with applicable laws, regulations, industry standards, or other actual or asserted obligations relating to these matters, even if unfounded, could result in additional cost and liability to us, inhibit sales, damage our reputation and adversely affect our business.

***Failure to comply with the U.S. Foreign Corrupt Practices Act, or FCPA, and similar laws associated with our activities outside of the United States could subject us to penalties and other adverse consequences.***

We face significant risks if we fail to comply with the FCPA and other anti-corruption laws that prohibit improper payments or offers of payment. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, agents, representatives, distributors, business partners, and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses operating in such countries engage in business practices that are prohibited by the FCPA or other applicable laws and regulations.

Although we implemented an anti-corruption compliance program, we cannot assure you that none of our employees, agents, representatives, distributors, business partners or third-party intermediaries will take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. Any allegations or violation of the FCPA or other applicable anti-corruption laws could result in whistleblower complaints, investigations, enforcement actions, severe criminal or civil sanctions, fines, adverse media coverage, and suspension or debarment from U.S. government contracting, all of which could have an adverse effect on our reputation, business, financial condition, operating results and cash flows. Responding to any investigation or action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

***We, our customers and third-party contractors are subject to increasingly complex environmental regulations and compliance with these regulations may delay or interrupt our operations and adversely affect our business.***

We face increasing complexity in our procurement, design, and research and development operations as a result of requirements relating to the materials composition of our products, including the European Union's, or EU's, Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment, or RoHS, directive, which restricts the content of lead and certain other hazardous substances in specified electronic products put on the market in the EU and similar Chinese legislation relating to marking of electronic products. The passage of similar requirements in additional jurisdictions or the tightening of these standards in jurisdictions where our products are already subject to such requirements could cause us to incur significant expenditures to make our products compliant with new requirements, or could limit the markets into which we may sell our products.

Failure to comply with these and similar laws and regulations could subject us to fines, penalties, civil or criminal sanctions, contract damage claims, and take-back of non-compliant products, which could harm our business, reputation and operating results. Similarly, failure by our foundry vendors or other suppliers to comply with applicable environmental laws and requirements could cause disruptions and delays in our product shipments, which could adversely affect our relations with our ODMs and OEMs and adversely affect our business and results of operations.

***We are subject to regulatory compliance requirements, including Section 404 of the Sarbanes-Oxley Act of 2002, which are costly to comply with, and our failure to comply with these requirements could harm our business and operating results.***

We are subject to disclosure and compliance requirements associated with being a public company, including but not limited to compliance with Section 404 of the Sarbanes-Oxley Act of 2002. For example, Section 404 of the Sarbanes-Oxley Act requires that our management report on, and our independent auditors attest to, the effectiveness of our internal control structure and procedures for financial reporting. Compliance with Section 404 requires a significant amount of time, expenses and diversion of internal resources. If we or our auditors discover a material weakness in our internal controls, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and harm our stock price. In addition, if we fail to maintain effective controls over financial reporting, we could be subject to sanctions or investigations by The Nasdaq Global Select Market, the SEC, or other regulatory authorities. Irrespective of compliance with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. Furthermore, investor perceptions of our company may suffer, and this could cause a decline in the market price of our ordinary shares.

***Changes in effective applicable tax laws, tax rates or adverse outcomes resulting from examination of our tax returns could adversely affect our results.***

Our operations are subject to certain taxes, such as income and transaction taxes in the jurisdictions in which we do business. A change in the tax laws in the jurisdictions in which we do business, including an increase in tax rates or an adverse change in the treatment of an item of income or expense, possibly with retroactive effect, could result in a material increase in the amount of taxes we incur. Our future effective tax rates could be adversely affected if our earnings are lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates, by changes in the valuation of our deferred tax assets and liabilities, transfer pricing adjustments, re-organization or restructuring of our businesses, changes in our corporate structure, including the effect of acquisitions on our legal structure, by tax costs related to intercompany realignments, tax effects of share-based compensation, expiration of or lapses in tax incentives, or by changes in tax laws, regulations, accounting principles or interpretations thereof. In addition, we may determine that it is advisable from time to time to repatriate earnings from subsidiaries under circumstances that could give rise to imposition of potentially significant withholding taxes by the jurisdictions in which such amounts were earned, without our receiving the benefit of any offsetting tax credits, which could also adversely impact our effective tax rate.

Changes in applicable laws could cause us to experience fluctuations in our tax obligations and effective tax rates and otherwise adversely affect our tax positions and/or our tax liabilities. For example, in August 2022, the U.S. enacted the Inflation Reduction Act of 2022, or IRA, which includes a new 15% corporate minimum tax as well as a 1% excise tax on the fair value of corporate stock repurchases made by U.S. corporations and certain foreign corporations after December 31, 2022. We do not expect the IRA to have a material impact on our financial statements.

In December 2018, the Cayman Islands passed the International Tax Co-Operation (Economic Substance) Law, 2018, which requires Cayman Islands companies carrying on one or more relevant activities to maintain a substantial economic presence in the Cayman Islands. Effective from December 31, 2019, we have structured our activities to comply with the new law. However, the legislation remains subject to further clarification and interpretation 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 the Cayman Islands, which could increase our cost of operations, and we could be subject to penalties for lack of compliance. As a result, we are not able to determine the impact on our operations and net income as of the current period.

In addition, the Organization for Economic Co-operation and Development has been working on a Base Erosion and Profit Shifting Project and has been issuing guidelines and proposals covering a number of issues, including country-by-country reporting, permanent establishment rules, transfer pricing rules and tax treaties. Many of these changes have been or are in the process of being adopted by numerous countries and could materially and adversely affect our provision for income taxes. One proposal, which has been enacted or is being considered by many jurisdictions, is a framework that ensures an effective global minimum tax rate of 15% on certain multinationals that meet a consolidated revenues above EUR 750 million or equivalent annually. The Company believes that its consolidated revenues have not exceeded the relevant annual threshold. Additional changes to global tax laws are likely to occur, and such changes may adversely affect our effective tax rate, operating results, and cash flow.

We are subject to periodic audits or other reviews by tax authorities in the jurisdictions in which we conduct our activities. For example, our income tax returns are subject to continuous examination by the Internal Revenue Service and other tax authorities. Any such audit, examination or review requires management's time, diverts internal resources and, in the event of an unfavorable outcome, may result in additional tax liabilities or other adjustments to our historical results. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. We cannot assure you that the outcomes from these continuous examinations will not have an adverse effect on our operating results and financial condition.

***We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences for U.S. holders of our ordinary shares.***

If, for any taxable year, either (a) at least 75% of our gross income is passive income or (b) at least 50% of the value of our assets (based on an average of the quarterly values of those assets during the taxable year) is attributable to assets that produce or are held for the production of passive income, in each case including 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 such subsidiary's equity interests, we may be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. If we are treated as a PFIC for any taxable year during which a U.S. holder holds ordinary shares, certain adverse U.S. federal income tax consequences could apply for such U.S. holder.

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 our 2025 fiscal year. However, a separate determination must be made at the close of each taxable year as to whether we are a PFIC for that taxable year, and we cannot assure you that we will not be a PFIC for our 2026 fiscal year or any future taxable year. 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 ordinary shares, which may fluctuate and

may fluctuate considerably given that market prices of technology companies historically often have been volatile, we may be a PFIC for any taxable year.

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

If, for U.S. federal income tax purposes, a United States person owns, or is considered to own as a result of certain attribution rules, 10% or more of the voting power or value of the stock of a non-U.S. corporation, such person is “United States shareholder” of such corporation, and may be treated as a “United States shareholder” with respect to each non-U.S. corporation in our group that is a subsidiary of that corporation. A non-U.S. corporation is a controlled foreign corporation, or CFC, for U.S. federal income tax purposes if United States shareholders, as defined in the immediately preceding sentence, own directly, indirectly or constructively (through attribution), more than 50% of either the total combined voting power or total value of the stock of such corporation. Because our group includes one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries will generally be treated as CFCs under certain “downward attribution” rules, even if we are not a CFC. Any United States shareholder (as defined above) should consult their individual tax advisor regarding the potential application of these rules to their ownership interest.

### **Risks Related to Our Intellectual Property**

***Our failure to adequately protect our intellectual property rights could impair our ability to compete effectively or defend ourselves from litigation, which could harm our business, financial condition and results of operations.***

Our success depends, in part, on our ability to protect our intellectual property. We rely primarily on patent, copyright, trademark and trade secret laws, as well as confidentiality and non-disclosure agreements and other contractual protections, to protect our proprietary technologies and know-how, all of which offer only limited protection. The steps we have taken to protect our intellectual property rights may not be adequate to prevent misappropriation of our proprietary information or infringement of our intellectual property rights, and our ability to prevent such misappropriation or infringement is uncertain, particularly in countries outside of the United States. The failure of our patents to adequately protect our technology might make it easier for our competitors to offer similar products or technologies, which would harm our business. For example, our patents and patent applications could be opposed, contested, circumvented, designed around by our competitors or be declared invalid or unenforceable in judicial or administrative proceedings. Our foreign patent protection is generally not as comprehensive as our U.S. patent protection and may not protect our intellectual property in some countries where our products are sold or may be sold in the future. Many U.S.-based companies have encountered substantial intellectual property infringement in foreign countries, including countries where we sell products. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. For example, the legal environment relating to intellectual property protection in certain emerging market countries where we operate is relatively weaker, often making it difficult to create and enforce such rights. We may not be able to effectively protect our intellectual property rights in these emerging markets or elsewhere. If such an impermissible use of our intellectual property or trade secrets were to occur, our ability to sell our solutions at competitive prices may be adversely affected and our business, financial condition, operating results and cash flows could be materially and adversely affected.

We may in the future need to initiate infringement claims or litigation in order to try to protect our intellectual property rights. Litigation, whether we are a plaintiff or a defendant, can be expensive, time-consuming and may divert the efforts of our technical staff and management, which could harm our business, whether or not such litigation results in a determination favorable to us. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not being issued. Additionally, any enforcement of our patents or other intellectual property may provoke third parties to assert counterclaims against us. If we are unable to protect our proprietary rights or if third parties independently develop or gain access to our or similar technologies, our business, revenue, reputation and competitive position could be harmed.

***Third parties’ assertions of infringement of their intellectual property rights could result in our having to incur significant costs and cause our operating results to suffer.***

The semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights and positions, which has resulted in protracted and expensive litigation for many companies. We and certain of our customers have received, and in the future may receive, communications from others alleging our infringement of their patents, trade secrets or other intellectual property rights. In addition, we and certain of our end customers have been the subject of lawsuits alleging infringement of intellectual property rights by our solutions or products incorporating our solutions, including the assertion that the alleged infringement may be attributable, at least in part, to our technology. Such lawsuits could subject us to significant liability for damages and invalidate our proprietary rights, though this has not occurred to date. Any potential intellectual property litigation also could force us to do one or more of the following:

- stop selling products or using technology that contain the allegedly infringing intellectual property;
- incur significant legal expenses;
- pay substantial damages to the party whose intellectual property rights we may be found to be infringing;
- redesign those products that contain the allegedly infringing intellectual property;
- attempt to obtain a license to the relevant intellectual property from third parties, which may not be available on reasonable terms or at all; or
- lose the opportunity to license our technology to others or to collect royalty payments based upon successful protection and assertion of our intellectual property against others.

Any significant impairment of our intellectual property rights from any litigation we face could harm our business and our ability to compete.

***Any potential dispute involving our patents or other intellectual property could affect our customers, which could trigger our indemnification obligations to them and result in substantial expense to us.***

In any potential dispute involving our patents or other intellectual property, our customers could also become the target of litigation. Certain of our customers have received notices from third parties claiming to have patent rights in certain technology and inviting our customers to license this technology, and certain of our end customers have been the subject of lawsuits alleging infringement of patents by products incorporating our solutions, including the assertion that the alleged infringement may be attributable, at least in part, to our technology. Because we generally indemnify our customers for intellectual property claims made against them for products incorporating our technology, any litigation could trigger technical support and indemnification obligations under some of our license agreements, which could result in substantial expense to us. Because some of our ODMs and OEMs are larger than we are and have greater resources than we do, they may be more likely to be the target of an infringement claim by third parties than we would be, which could increase our chances of becoming involved in a future lawsuit. If any such claims were to succeed, we might be forced to pay damages on behalf of our ODMs or OEMs that could increase our expenses, disrupt our ability to sell our solutions and reduce our revenue. In addition to the time and expense required for us to supply support or indemnification to our customers, any such litigation could severely disrupt or shut down the business of our customers, which in turn could hurt our relations with our customers and cause the sale of our products to decrease.

***The use of open source software in our products, processes and technology may expose us to additional risks and compromise our proprietary intellectual property.***

Our products, processes and technology sometimes utilize and incorporate software that is subject to an open source license. Open source software is typically freely accessible, usable and modifiable. Certain open source software licenses, such as the GNU General Public License, require a user who intends to distribute the open source software as a component of the user's software to disclose publicly part or all of the source code to the user's software. In addition, certain open source software licenses require the user of such software to make any derivative works of the open source code available to others on terms unfavorable to us or at no cost. This can subject previously proprietary software to open source license terms.

While we monitor the use of open source software in our products, processes and technology and try to ensure that no open source software is used in such a way as to require us to disclose the source code to the related product, processes or technology when we do not wish to do so, such use could inadvertently occur. Additionally, if a third-party software provider has incorporated certain types of open source software into software we license from such third-party for our products, processes or technology, we could, under certain circumstances, be required to disclose the source code to our products, processes or technology. This could harm our intellectual property position and our business, results of operations and financial condition.

## **Risks Related to Ownership of Our Ordinary Shares**

***The market price of our ordinary shares may be volatile, which could cause the value of your investment to decline.***

The market price of our ordinary shares has historically been highly volatile, and has been particularly volatile in recent years. For example, since February 1, 2020, the trading price of our common stock ranged from a low of \$36.02 to a high of \$227.59. The trading price of our ordinary shares is likely to remain volatile and could be subject to wide fluctuations in price in response to various factors, some of which are beyond our control. These factors include:

- changes in financial estimates, including our ability to meet our future revenue and operating profit or loss projections;

- fluctuations in our operating results or those of other semiconductor or comparable companies;
- our actual operating results failing to meet or exceed our guidance or investor expectations;
- fluctuations in the economic performance or market valuations of companies perceived by investors to be comparable to us;
- economic developments in the semiconductor industry as a whole;
- general economic conditions, including conditions related to the banking industry or caused by pandemics and high inflation, and slow or negative market growth;
- trade and other geopolitical activities affecting markets we address;
- announcements by us or our competitors of acquisitions, new products, significant contracts or orders, commercial relationships or capital commitments;
- sales or purchases of a substantial number of our ordinary shares by us, our officers, or our significant stockholders as well as the perception that such sales or purchases could occur;
- short sales of our ordinary shares, short seller reports, and related media coverage;
- our issuance or repurchase of ordinary shares;
- our ability to develop and market new and enhanced solutions on a timely basis;
- changes in the demand for our customers' products;
- commencement of or our involvement in litigation;
- disruption to our operations;
- any major change in our board of directors or management;
- political or social conditions in the markets where we sell our products;
- changes in governmental regulations; and
- changes in earnings estimates or recommendations by securities analysts or failure of securities analysts to maintain coverage of us.

In addition, the stock market in general, and the market for semiconductor and other technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may cause the market price of our ordinary shares to decrease, regardless of our actual operating performance. These trading price fluctuations may also make it more difficult for us to use our ordinary shares as a means to make acquisitions or to use options to purchase our ordinary shares to attract and retain employees. If the market price of our ordinary shares declines, you may not realize any return on your investment in us and may lose some or all of your investment. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

***Provisions of our memorandum and articles of association and Cayman Islands corporate law may discourage or prevent an acquisition of us which could adversely affect the value of our ordinary shares.***

Provisions of our memorandum and articles of association and Cayman Islands law may have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following:

- the division of our board of directors into three classes;
- the right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or due to the resignation or departure of an existing board member;
- prohibition of cumulative voting in the election of directors which would otherwise allow less than a majority of shareholders to elect director candidates;
- the requirement for the advance notice of nominations for election to our board of directors or for proposing matters that can be acted upon at a shareholders' meeting;

- the ability of our board of directors to issue, without shareholder approval, such amounts of preference shares as the board of directors deems necessary and appropriate with terms set by our board of directors, which rights could be senior to those of our ordinary shares;
- the elimination of the rights of shareholders to call a special meeting of shareholders and to take action by written consent in lieu of a meeting; and
- the required approval of a special resolution of the shareholders, being a two-thirds vote of shares held by shareholders present and voting at a shareholder meeting, to alter or amend the provisions of our post-offering memorandum and articles of association.

***Holders of our ordinary shares may face difficulties in protecting their interests because we are incorporated under Cayman Islands law.***

Our corporate affairs are governed by our amended and restated memorandum and articles of association, by the Companies Law (as the same may be supplemented or amended from time to time) of the Cayman Islands and by the common law of the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as under statutes or judicial precedent in existence in jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States and provides significantly less protection to investors. There is no legislation specifically dedicated to the rights of investors in securities and thus no statutorily defined private cause of action specific to investors such as those provided under the Securities Act or the Securities Exchange Act of 1934, as amended. In addition, shareholders of Cayman Islands companies may not have standing to initiate shareholder derivative actions in U.S. federal courts. Therefore, you may have more difficulty in protecting your interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States due to the comparatively less developed nature of Cayman Islands law in this area.

Shareholders of Cayman Islands exempted companies, such as our company, have no general rights under Cayman Islands law to inspect corporate records and accounts or to obtain copies of lists of shareholders of the company. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Subject to limited exceptions, under Cayman Islands law, a minority shareholder may not bring a derivative action against the board of directors.

***Holders of our ordinary shares may have difficulty obtaining or enforcing a judgment against us because we are incorporated under the laws of the Cayman Islands.***

It may be difficult or impossible for you to bring an action against us in the Cayman Islands if you believe your rights have been infringed under U.S. securities laws. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will in certain circumstances recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. While there is no binding authority on this point, this is likely to include, in certain circumstances, a non-penal judgment of a United States court imposing a monetary award based on the civil liability provisions of the U.S. federal securities laws. The Grand Court of the Cayman Islands may stay proceedings if concurrent proceedings are being brought elsewhere. There is uncertainty as to whether the Grand Court of the Cayman Islands would recognize or enforce judgments of United States courts obtained against us predicated upon the civil liability provisions of the securities laws of the United States or any state thereof and whether the Grand Court of the Cayman Islands would hear original actions brought in the Cayman Islands against us predicated upon the securities laws of the United States or any state thereof.

**General Risk Factors**

***If our operations are interrupted, our business and reputation could suffer.***

Our operations and those of our manufacturers are vulnerable to interruption caused by technical breakdowns, computer hardware and software malfunctions, software viruses, infrastructure failures, pandemics, and regional health issues, earthquakes, natural disasters, and other negative impacts from climate change, power losses, telecommunications failures, terrorist attacks, wars, Internet failures and other events beyond our control. Our operations could also be disrupted by geopolitical conditions, particularly in Taiwan or China, where the majority of our employees are located. Any disruption in our services or operations could result in a reduction in revenue, delay product development and R&D, or result in a claim for substantial damages against us, regardless of

whether we are responsible for that failure. If remote or work from home conditions were to continue for an extended period of time, we may experience delays in product development, a decreased ability to support our customers, reduced design win activity, and overall lack of productivity. We rely on our computer equipment, database storage facilities and other office equipment, which are located primarily in the seismically active San Francisco Bay Area and Taiwan. If we suffer a significant database or network facility outage, our business could experience disruption until we fully implement our back-up systems.

***Climate change and climate change-related policies and regulations may have a long-term impact on our business.***

Global climate change is causing, and is projected to continue to cause, an increase in the frequency and intensity of certain natural disasters. Additionally, adverse weather, such as drought, wildfires, severe storms, sea-level rise, flooding, heat waves and cold waves, may occur more frequently and/or with greater intensity. Such extreme events are driving changes in market dynamics, and local, national and international policies and regulations, which could result in disruptions to us, our suppliers, customers, and employees. These disruptions could make it more difficult and costly for us to deliver our products, obtain components or other supplies through our supply chain, maintain, or resume operations or perform other critical corporate functions, and could reduce customer demand for our products, which would harm our business.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 1C. CYBERSECURITY**

**Risk Management and Strategy**

We have established policies and processes for assessing, identifying, and managing material risks from cybersecurity threats. We have designed and implemented an Incident Response Plan for cybersecurity and related processes that are overseen by our IT and management team. Our information security management system is ISO 27001 certified. In addition, our cybersecurity program leverages industry frameworks, including certain of those established by the National Institute of Standards and Technology (NIST).

We regularly assess material risks from cybersecurity threats, including any potential unauthorized occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein. We 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. These risk assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing procedures, systems, and safeguards in place to manage such risks. Our cybersecurity risk management program is integrated into our overall risk management scheme by seeking to identify and mitigate those cybersecurity threats that are more likely to lead to a material impact on our business.

Our cybersecurity risk management program also seeks to manage cybersecurity risks associated with our use of third-party service providers through risk assessments and contractual obligations on such service providers.

Our IT management team, with oversight from our Board of Directors and Nominating and Corporate Governance Committee as well as members of our management team, including our Chief Operating Officer and General Counsel, are primarily responsible for assessing and managing our material risks from cybersecurity threats.

We also engage consultants or other third parties in connection with our risk assessment processes. These service providers assist us in designing and implementing our cybersecurity policies and procedures, as well as in monitoring and testing our safeguards.

**Governance**

Our Board considers cybersecurity risk as part of its overall risk oversight function and has delegated to the Nominating and Corporate Governance Committee oversight of cybersecurity matters and other policies regarding information security risks. The Nominating and Corporate Governance Committee oversees management's implementation of our cybersecurity risk management program.

The Board of Directors and the Nominating and Corporate Governance Committee receive presentations and reports on cybersecurity, which address a range of topics including recent developments, evolving standards, the threat environment, cybersecurity systems testing and vulnerability assessments, and the Company's practices and policies to manage risks. Management reports to the Nominating and Corporate Governance Committee on cybersecurity matters and materials risks, if any, from cybersecurity threats. Our Nominating and Corporate Governance Committee provides updates to the Board of Directors on such reports. The Nominating and Corporate Governance Committee also receives notice of any significant cybersecurity incidents, as well as ongoing updates regarding any such incident until it has been addressed.

Our management team, including our IT management team, are responsible for day-to-day implementation, assessment, and management of our cybersecurity risk assessment and management processes. The IT management 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 our other business leaders, including our Chief Operating Officer, Chief Financial Officer and General Counsel. Our IT management team supervises both our internal cybersecurity personnel and any retained external cybersecurity consultants. Our Senior Director of IT has served in various roles in information technology and information security for over 25 years.

Our cybersecurity incident response plan is designed to escalate certain cybersecurity incidents to a team of business leaders, including, but not limited to, our Chief Operating Officer, Chief Financial Officer and General Counsel. This team of business leaders works with our incident response team to help determine the severity of the impact of a cybersecurity incident, as well as to help mitigate and remediate cybersecurity incidents of which they are notified.

As part of our overall risk management system, we provide periodic mandatory training for personnel regarding cybersecurity threats as means to equip our employees with information and tools to address cybersecurity threats, and to communicate our information security policies, processes and practices. We also perform periodic email phishing tests to evaluate and maintain cybersecurity awareness among our employees.

As of the date of this Annual Report on Form 10-K, we are not aware of any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected the Company, its business strategy, results of operations or financial condition. As cybersecurity threats become more sophisticated, it is reasonably likely that we will be required to expend greater resources to continue to modify and enhance our protective measures. For additional information concerning risks related to cybersecurity, see Item 1A of this report, "*Risk Factors – Risks Related to Our Business and Our Industry – A breach of our security systems may have a material adverse effect on our business.*"

## **ITEM 2. PROPERTIES**

Our corporate headquarters are located in Santa Clara, California. These facilities accommodate our sales, marketing, research and development, finance, and administrative activities. Outside of Santa Clara, California, we lease some facilities in other U.S. locations that are used for research and development and marketing activities. Outside of the United States, we also lease facilities in various international locations that are used for research and development, sales, business development, operations and administrative support. Our lease obligations primarily consist of operating leases with lease periods expiring between fiscal years 2026 to 2031.

We believe that our existing facilities are well maintained and in good operating condition, and are sufficient for our needs for the foreseeable future. The following table lists our major locations and primary usage as of January 31, 2025:

Major Locations	Approximate Square Footage	Usage
<b>United States:</b>		
Santa Clara, California	61,700	Corporate Headquarters; Sales; Marketing; Research and Development; Finance; Administration
Wixom, Michigan	2,700	Business Development
Beavercreek, Ohio	16,000	Research and Development
<b>Asia Pacific:</b>		
Hsinchu, Taiwan	86,700	Research and Development; Business Development; Operations; Administration
Shanghai, China	31,600	Research and Development; Business Development
Shenzhen, China	19,200	Research and Development; Business Development
Kowloon, Hong Kong	9,000	Sales; Warehousing
Shin-Yokohama, Japan	1,300	Business Development
SeongNam, South Korea	1,500	Business Development
<b>Europe:</b>		
Parma, Italy	14,400	Research and Development

### ITEM 3. LEGAL PROCEEDINGS

We are not engaged in any material legal proceedings at this time. However, from time to time, we may be subject to commercial disputes, employment issues, intellectual property claims and litigation, in the ordinary course of our business. Refer to Note 15, Commitments and Contingencies within Notes to Consolidated Financial Statements for further information.

### 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**

**Market Information**

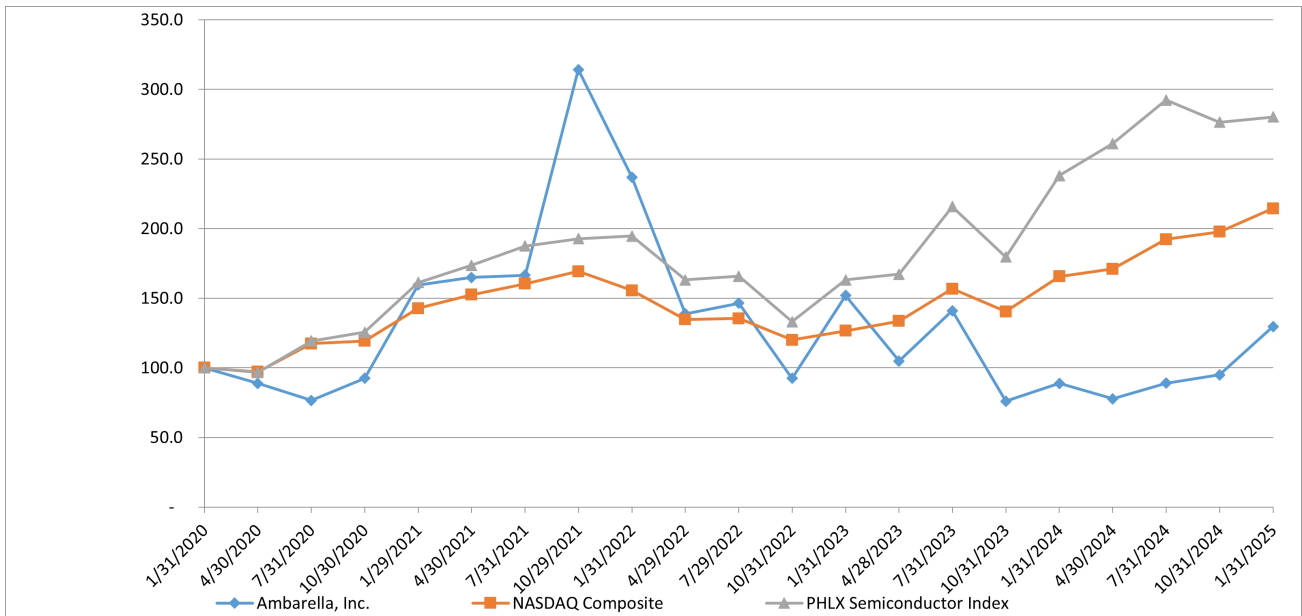
Our ordinary shares are traded on the Nasdaq Global Select Market under the symbol “AMBA”. On March 20, 2025, there were 26 shareholders of record holding our ordinary shares. We cannot estimate the number of beneficial owners since many brokers and other institutions hold our shares on behalf of shareholders.

**Share Performance Graph**

This performance graph shall not be deemed to be “soliciting material” or “filed” or incorporated by reference in future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The following graph shows a comparison from February 1, 2020 through January 31, 2025 of the cumulative total return for our ordinary shares, the Nasdaq Composite Index and the Philadelphia Semiconductor Index. The comparisons in the graph are historical and are not intended to forecast or be indicative of possible future performance of our ordinary shares.

Comparison of 5 year Cumulative Total Return



**Dividends**

We have never declared or paid any cash dividends on our ordinary shares and do not currently intend to do so in the foreseeable future.

**Purchases of Equity Securities by the Issuer**

There were no shares repurchased in fiscal years 2025, 2024 and 2023. On May 29, 2024, our Board of Directors approved an extension of the existing share repurchase program for an additional twelve months through June 30, 2025. As of January 31, 2025, there was approximately \$49.0 million available for repurchases through June 30, 2025. Repurchases under the program may be made from time-to-time through open market purchases, 10b5-1 plans or privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The repurchase program does not obligate us to acquire any particular amount of ordinary shares, and it may be suspended at any time at the company's discretion. Repurchases are funded using working capital and any repurchased shares will be recorded as authorized but unissued shares.

**Recent Sales of Unregistered Securities**

None.

**ITEM 6. [RESERVED]**

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

We are a leading developer of low-power system-on-a-chip, or SoC, semiconductors providing powerful artificial intelligence, or AI, processing, advanced image signal processing and high-resolution video compression. Since inception, we have primarily served human viewing applications with video and image processors for enterprise, public infrastructure and home applications, such as internet protocol, or IP, security cameras, sports cameras, wearables, aerial drones, and aftermarket automotive video recorders. Our recent development efforts have focused on creating advanced AI technology that enables edge devices to visually perceive the environment and make decisions based on the data collected from cameras and, most recently, other types of sensors. This category of AI technology is known as edge inference AI, and our latest SoCs integrate our state-of-the-art video processor technology together with our deep learning neural network processing technology, which we refer to as CVflow™. The CVflow-architecture supports a variety of AI algorithms, including object detection, classification and tracking, semantic and instance segmentation, image processing, stereo object detection, and terrain mapping. CVflow can process other sensor modalities including lidar and radar, and allows customers to differentiate their products by porting their own, or third-party, neural networks and/or classical AI algorithms to our CVflow-based SoCs. Our latest third generation CVflow technology enables us to address incremental and computationally intense AI applications for deep fusion, deep planning, vision-language models (VLMs) and large language models (LLMs), as well as efficiently process transformer AI networks.

Our SoC designs fully integrate AI functionality, high-definition, or HD, video processing, image processing, audio processing, and system functions onto a single chip, delivering exceptional video and image quality at high compression rates, differentiated functionality and low power consumption. These AI-based technologies are allowing us to address a broader range of markets and applications requiring AI video features, including IP security cameras, a variety of automotive cameras, consumer cameras, and industrial and robotic applications. We anticipate that our AI technology will also enable us to capture more content per electronic system and increase our average selling price.

Our development efforts are focused on SoCs that provide human viewing, AI and radar detection functionalities. As a result, we believe that our future revenue growth, if any, will significantly depend upon our ability to expand within camera markets with our AI technology, particularly in the Internet of Things, or IoT, markets, as well as emerging markets such as AI-enabled security cameras, AI-based driving applications, including driver monitoring systems, advanced blind spot detection, object detection, and deep learning algorithms for HD mapping solutions, automotive advanced driver assistance systems, or ADAS, applications, and industrial and robotics markets. We expect our research and development expenditures to increase in comparison to prior periods as we devote additional resources to the development of innovative video and image processing solutions with increased functionality, such as AI capabilities, and as we target new markets.

We sell our SoC solutions to leading original design manufacturers, or ODMs, and original equipment manufacturers, or OEMs, globally, and in the automotive market, we also sell to Tier-1 suppliers. We refer to ODMs and Tier-1 automotive suppliers as our customers and OEMs as our end customers, except as otherwise indicated or as the context otherwise requires.

Our sales cycles typically require a significant investment of time and a substantial expenditure of resources before we can realize revenue from the sale of our solutions, if any. Our typical sales cycle consists of a multi-month sales and development process involving our customers' system designers and management and our sales personnel and software engineers. If successful, this process culminates in a customer's decision to use our solutions in its system, which we refer to as a design win. Our sales efforts are typically directed to the OEM of the product that will incorporate our video and image processing solution, but the eventual design and incorporation of our SoC into the product may be handled by an ODM or Tier-1 supplier on behalf of the OEM.

Volume production may begin within 12 to 18 months after a design win, but could be longer in certain markets, depending on the complexity of our customer's product and other factors upon which we may have little or no influence. In general, design cycles will be longer in the OEM automotive and industrial and robotics markets than in the IoT markets. Once our solutions have been incorporated into a customer's design, they are likely to be used for the life cycle of the customer's product. Conversely, a design loss to a competitor will likely preclude any opportunity for future revenue from such customer's product. Even if we obtain a design win and our SoC remains a component through the life cycle of a customer's product, the volume and timing of actual sales of our SoCs to the customer depend upon the production, release and market acceptance of that product, none of which are within our control. An IoT product typically has a life cycle of 12 to 24 months. We anticipate that product life cycles will typically be longer than 24 months in the OEM automotive and industrial and robotics markets, as new product introductions occur less frequently in these markets.

### ***Fiscal Year 2025 Financial Highlights***

- We recorded revenue of \$284.9 million in fiscal year 2025, an increase of 25.8% as compared to fiscal year 2024. The increase in revenue was primarily attributable to higher product unit shipments driven by customers' new product ramps, an increased percentage of our sales from higher value AI inference processors which contributed to a higher average selling price, as well as higher nonrecurring engineering (NRE) project service revenue.
- We recorded a loss from operations of \$126.6 million in fiscal year 2025, as compared to a loss from operations of \$154.6 million in fiscal year 2024. The reduction in operating loss was primarily attributable to higher revenue and higher gross profit, partially offset by an increase in operating expenses. The increase in operating expenses primarily related to higher engineering-related expenses, including chip development costs, tools and equipment expenses as well as outside service expenses.
- We generated cash flows from operating activities of \$33.8 million in fiscal year 2025, as compared to \$19.0 million in fiscal year 2024. The increase in cash flows from operating activities was primarily attributable to lower net loss adjusted for certain non-cash items and increased liabilities driven by higher cash advances from NRE projects and development funding. The increase in cash flows from operating activities was partially offset by lower collections of accounts receivable associated with the timing of sales and increased inventory purchases based on expected future demand from customers.

### **Factors Affecting Our Performance**

*Ability to Capitalize on AI and Computer Vision Trends.* We expect that AI and computer vision functionality will become an increasingly important requirement in many of our current and future markets, including IoT, automotive, industrial and robotics markets. As a result, we believe that our ability to develop advanced AI and computer vision technologies, enable and support customer product development in emerging applications, such as ADAS, advanced blind spot detection, object detection, classification and tracking, people recognition, retail analytics, and machine learning, and gain customer acceptance of our technology platform and solutions will be critical to our future success. Moreover, achieving design wins, particularly for computer vision-centric applications in the IoT, automotive, industrial and robotics markets, is vital to our ability to generate revenue growth. As such, we closely monitor our design wins with our customers. However, a design win may not successfully materialize into revenue, and even if it does result in revenue, the amount generated by each design win can vary significantly.

*Ability to Develop and Introduce New or Enhanced Solutions.* We operate in a dynamic environment characterized by rapidly changing technologies and technological obsolescence. To compete successfully, we must design, develop, market and sell enhanced solutions with increased levels of performance and functionality that meet the expectations of our customers, including advanced process technologies. As such, we continuously invest in our research and development projects, especially AI and computer vision technologies. However, failure to anticipate or timely develop new or enhanced solutions in response to technology shifts and trends could result in decreased revenue and our competitors achieving design wins we sought. Moreover, any reliability or quality problems with our solutions could harm our reputation, increase additional development and replacement costs, and prevent us from retaining existing customers and attracting new customers.

*Pricing, Product Cost and Margin.* Our pricing and margins depend on the volumes and features of the solutions we provide to our customers. Additionally, we make significant investments in new solutions for both cost improvements and new features that we expect to drive revenue and maintain margins. In general, solutions incorporated into more complex configurations, such as those used in high-performance camera applications or, in the future, advanced driver assistance systems, have higher prices and higher gross margins as compared to solutions sold into lower-performing, more competitive camera applications. Our average selling price can vary by market and application due to market-specific supply and demand, the maturation of products launched in previous years and the launch of new products by us or our competitors.

We continually monitor the cost of our solutions. As we rely on third-party manufacturers for the manufacture of our products, we maintain a close relationship with these suppliers to continually monitor production yields, component costs and design efficiencies.

*Continued Concentration of Revenue by End Markets.* Historically, our revenue has been significantly concentrated in a small number of end markets and we developed technologies to provide solutions for new markets as they emerged. Since fiscal year 2018, the IoT markets and automotive markets have been our largest end markets and sales into these markets collectively generated the majority of our revenue. We believe, however, that continued expansion into new markets is required to facilitate revenue growth and customer diversification. We have recently introduced solutions to address emerging applications and markets, such as the incorporation of AI and computer vision functionalities for AI-enabled security cameras, AI-based driving applications and industrial and robotics markets. While we will continue to seek to expand our end market exposure, we anticipate that sales to a limited number of markets will continue to account for a significant percentage of our total revenue for the foreseeable future. Our concentration in a limited number of markets may cause our financial performance to fluctuate significantly from period to period based on the success or failure of products that our SoCs are designed into as well as the overall growth or decline in the video capture markets in which we compete. In addition, we derive a significant portion of our revenue from a limited number of ODMs who build products on behalf of a limited number of OEMs and from a limited number of OEMs to whom we ship directly. We believe that our operating results for the foreseeable future will continue to depend on sales to a relatively small number of customers.

*Sales Volume.* A typical design win that successfully launches into the marketplace can generate a wide range of sales volumes for our solutions, depending on the end market demand for our customers' products. Our ability to accurately forecast demand can be adversely affected by a number of factors, including the reputation of the end customer, market penetration, product capabilities, size of the end market that the product addresses, our end customers' ability to sell their products, miscalculations by our customers of their inventory requirements, changes in market conditions, adverse changes in our product order mix and fluctuating demand for our customers' products. In certain cases, we may provide volume discounts on sales of our solutions, which may be offset by lower manufacturing costs related to higher volumes. In general, our customers with greater market penetration and better branding tend to develop products that generate larger volumes over the product life cycle.

*Customer Product Life Cycle.* We estimate our customers' product life cycles based on the customer, type of product and end market. We typically commence commercial shipments from 12 to 18 months following a design win; however, in some markets, lengthier product and development cycles are possible, depending on the scope and nature of the project, such as in the automotive market. An IoT product typically has a product life cycle of 12 to 24 months. We anticipate that product development and product life cycles will typically be longer than 24 months in the OEM automotive, Tier-1 automotive suppliers and robotics markets, as new product introductions typically occur less frequently in these markets.

*Impact of Global Supply Chain Conditions on Our Business.* Due in part to impacts of the COVID-19 pandemic, the semiconductor industry faced significant global supply chain challenges over the past few years. Supply chain issues can impact our business as they relate to both our suppliers and our customers. With respect to our suppliers, we have experienced supply constraints for certain chips from Samsung Electronics Corporation and we may in the future experience similar issues. With respect to our customers, to the extent customers face supply chain issues with other components needed to pair with our products in order to produce their end products or otherwise take actions in an attempt to adjust their inventory levels, such customers may delay future orders of our products or hold inventory of our products for longer periods of time. Recent supply chain challenges have subsided and we expect conditions to return to more stability in future periods. However, challenges may recur in future periods with changes in the macro-economic environment, including imposition of tariffs by the U.S. Government on imports and restrictions on exports to foreign locations.

## Results of Operations

The following table sets forth our historical operating results for the periods indicated:

	Year Ended January 31,		
	2025	2024	2023
	(dollars in thousands)		
Revenue	\$ 284,865	\$ 226,474	\$ 337,606
Cost of revenue	112,535	89,657	128,672
Gross profit	172,330	136,817	208,934
Operating expenses:			
Research and development	226,109	215,052	204,946
Selling, general and administrative	72,816	76,325	78,244
Total operating expenses	298,925	291,377	283,190
Loss from operations	(126,595)	(154,560)	(74,256)
Other income, net	8,867	6,030	3,318
Loss before income taxes	(117,728)	(148,530)	(70,938)
Provision (benefit) for income taxes	(602)	20,887	(5,552)
Net loss	\$ (117,126)	\$ (169,417)	\$ (65,386)

The following table sets forth our historical operating results as a percentage of revenue of each line item for the periods indicated:

	Year Ended January 31,		
	2025	2024	2023
Revenue	100 %	100 %	100 %
Cost of revenue	40	40	38
Gross profit	60	60	62
Operating expenses:			
Research and development	79	95	61
Selling, general and administrative	25	34	23
Total operating expenses	104	129	84
Loss from operations	(44)	(69)	(22)
Other income, net	3	3	1
Loss before income taxes	(41)	(66)	(21)
Provision (benefit) for income taxes	—	9	(2)
Net loss	(41) %	(75) %	(19) %

### Revenue

We derive substantially all of our revenue from the sale of low power AI-based processing and video and image processing SoC solutions to IoT OEMs, IoT ODMs, automotive OEMs or Tier-1 automotive suppliers, either directly or through our distributors. A substantial portion of our revenue from sales was made indirectly through one of our distributors, WT Microelectronics Co., Ltd., formerly Wintech Microelectronics Co., Ltd., or WT, which serves as our non-exclusive sales representative and fulfillment partner in Asia other than Japan, and to one ODM, Chicony Electronics Co., Ltd., or Chicony, which manufactures devices incorporating our solutions on behalf of multiple end-customers.

Our average selling prices fluctuate based on the mix of our solutions sold in a period which reflects the impact of both changes in unit sales of existing solutions as well as the introduction and sales of new solutions. Our AI-based solutions generally have higher selling prices than our traditional video and image processing SoC solutions that do not enable AI functionality. Our solutions are typically characterized by a life cycle that begins with higher average selling prices and lower volumes, followed by broader market adoption, higher volumes and average selling prices that are lower than initial levels.

The end markets into which we sell our products have seen significant changes as customer preferences have evolved in response to new technologies. As a result, the composition and timing of our revenue may change in future periods. We expect shifts in use of video capture to continue to change over time, as AI specialized use cases emerge and video capture continues to proliferate.

### ***Gross Margin***

Cost of revenue includes the cost of materials, such as wafers processed by third-party foundries, costs associated with packaging, assembly, testing and manufacturing support operations, such as logistics, planning and quality assurance, as well as personnel costs (including stock-based compensation) related to project service agreements. Cost of revenue also includes indirect costs, such as inventory valuation reserves, adverse purchase commitment reserves, facility cost allocations, amortization of developed technology and software licenses, warranty and other general overhead costs.

We expect that our gross margin may fluctuate from period to period as a result of changes in customer mix, average selling price, product mix and the introduction of new products by us or our competitors. In general, solutions incorporated into more complex configurations, such as those used in high-performance cameras, and in future advanced automotive OEM applications, have had or are expected to have higher prices and higher gross margins, as compared to solutions sold into the lower-performance, more competitive camera applications. As semiconductor products mature and unit volumes sold to customers increase, their average selling prices typically decline. These declines may be paired with improvements in manufacturing yields and lower wafer, packaging and test costs, which offset some of the margin reduction that could result from lower selling prices.

### ***Research and Development***

Research and development expense primarily consists of personnel costs, including salaries, stock-based compensation and employee benefits. The expense also includes costs of development incurred in connection with our collaborations with our foundry vendors, costs of licensing intellectual property from third parties for product development, costs of development for software and hardware tools, costs of fabrication of mask sets for prototype products, the cost and depreciation of equipment, outside services as well as allocated depreciation and facility expenses. All research and development costs are expensed as incurred. We expect our research and development expense to generally increase in absolute dollars as we continue to enhance and expand our product features and offerings and increase headcount for new SoC development and development of AI technologies.

### ***Selling, General and Administrative***

Selling, general and administrative expense primarily consists of personnel costs, including salaries, stock-based compensation and employee benefits for our sales, marketing, finance, human resources, information technology and administrative personnel. The expense also includes amortization of trade name and customer relationships, professional service costs such as accounting, tax, or legal services, and allocated depreciation and facility expenses. We expect our selling, general and administrative expense to increase in absolute dollars as we continue to maintain the infrastructure and expand the size of our sales and marketing organization to support our business strategy of addressing new opportunities with our AI technology.

### ***Other Income, Net***

Other income, net, consists primarily of interest income and yields from our cash deposits and debt security investments, realized gains and losses from equity and debt security investments, subsidies and grants issued by governments, as well as gains and losses from foreign currency transactions and remeasurements.

### ***Provision (Benefit) for Income Taxes***

We are incorporated and domiciled in the Cayman Islands and also conduct business in several locations such as the United States, China, Taiwan, Hong Kong, Italy, South Korea, Germany, and Japan, and we are subject to taxation in those jurisdictions. Our worldwide operating income is subject to varying tax rates, and our effective tax rate is highly dependent upon the geographic distribution of our earnings or losses and the tax laws and regulations in each geographical region. It is also subject to fluctuation from changes in the valuation of our deferred tax assets and liabilities; tax benefits from excess stock-based compensation deductions; transfer pricing adjustments and the tax effects of nondeductible compensation. We have historically had lower effective tax rates as a substantial percentage of our operations are conducted in lower-tax jurisdictions. If our operational structure were to change in such a manner that would increase the amount of operating income subject to taxation in higher-tax jurisdictions, or if we were to commence operations in jurisdictions assessing relatively higher tax rates, our effective tax rate could fluctuate significantly on a quarterly basis and/or be adversely affected.

Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. Although we believe our reserves are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical provision for income taxes and accruals. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than 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 uncertain tax position reserves and changes to reserves that are considered appropriate, as well as the related net interest and penalties.

Significant judgment is also required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

### ***Comparison of the Fiscal Years Ended January 31, 2025, 2024 and 2023***

#### ***Revenue***

	Year Ended January 31,			Change				
				2025		2024		
	2025	2024	2023	Amount	%	Amount	%	
	(dollars in thousands)							
Revenue	\$ 284,865	\$ 226,474	\$ 337,606	\$ 58,391	25.8%	\$ (111,132)	(32.9)%	

Revenue increased in fiscal year 2025, as compared to fiscal year 2024, primarily as a result of higher product unit shipments driven by customers' new product ramps, an increased percentage of our sales from higher value AI inference processors which contributed to a higher average selling price, as well as higher NRE project service revenue.

Revenue decreased in fiscal year 2024, as compared to fiscal year 2023, primarily due to lower product unit shipments as a result of customer inventory level reduction efforts. The decreased revenue from lower product shipments was partially offset by continued adoption of our AI inference processors, which have higher average selling prices than video processors.

#### ***Gross Margin***

	Year Ended January 31,			Change				
				2025		2024		
	2025	2024	2023	Amount	%	Amount	%	
	(dollars in thousands)							
Gross margin	60.5%	60.4%	61.9%	—	0.1%	—	(1.5)%	

Gross margin increased marginally in fiscal year 2025, as compared to fiscal year 2024, primarily due to a higher percentage of sales from higher average selling price AI inference processors, as well as increased higher margin NRE project service revenue, partially offset by higher manufacturing costs associated with advanced process technologies.

Gross margin decreased in fiscal year 2024, as compared to fiscal year 2023, primarily due to unfavorable product mix and higher indirect costs associated with amortization of intangible assets and assembly cost, partially offset by reversals of adverse purchase commitments recognized in prior fiscal years and sales of previously reserved inventory.

#### ***Research and Development***

	Year Ended January 31,			Change				
				2025		2024		
	2025	2024	2023	Amount	%	Amount	%	
	(dollars in thousands)							
Research and development	\$ 226,109	\$ 215,052	\$ 204,946	\$ 11,057	5.1%	\$ 10,106	4.9%	

Research and development expense increased in fiscal year 2025, as compared to fiscal year 2024, primarily due to approximately \$4.2 million of additional engineering-related expenses associated with supporting our AI inference processor and radar solutions, and \$3.4 million of additional SoC development cost from our foundries associated with our chip development progress. The increase was also attributable to approximately \$3.4 million of additional personnel costs, including stock-based compensation expense, as a result of higher headcount in support of our AI strategy.

Research and development expense increased in fiscal year 2024, as compared to fiscal year 2023, primarily due to approximately \$5.0 million of additional SoC development cost from our foundries associated with the progress, complexity and number of chips in development, \$1.7 million of additional engineering-related expenses for supporting our AI-based and radar solutions, as well as \$3.4 million of additional personnel costs as a result of increased stock-based compensation and employee benefit programs.

### *Selling, General and Administrative*

	Year Ended January 31,			Change			
	2025	2024	2023	2025		2024	
				Amount	%	Amount	%
	(dollars in thousands)						
Selling, general and administrative	\$ 72,816	\$ 76,325	\$ 78,244	\$ (3,509)	(4.6)%	\$ (1,919)	(2.5)%

Selling, general and administrative expense decreased in fiscal year 2025, as compared to fiscal year 2024, primarily due to approximately \$3.0 million lower net personnel costs associated with departure of certain employees and \$0.9 million of lower facility-related expenses. The decrease was partially offset by approximately \$0.3 million of additional professional service costs.

Selling, general and administrative expense decreased in fiscal year 2024, as compared to fiscal year 2023, primarily due to approximately \$1.1 million of lower traveling, sales support, professional service and facility-related expenses. The decrease was also attributable to approximately \$0.8 million lower personnel costs as a result of lower headcount.

### *Other Income, Net*

	Year Ended January 31,			Change			
	2025	2024	2023	2025		2024	
				Amount	%	Amount	%
	(dollars in thousands)						
Other income, net	\$ 8,867	\$ 6,030	\$ 3,318	\$ 2,837	47.0%	\$ 2,712	81.7%

The increase in other income, net, in fiscal year 2025, as compared to fiscal year 2024, was primarily due to an approximately \$1.2 million impairment charge relating to an equity investment recognized in the prior fiscal year that did not recur in the current fiscal year, approximately \$0.9 million of higher interest income and yields from our cash deposits and debt security investments, as well as \$0.8 million of net gains from a government grant and foreign currency transactions and remeasurements.

The increase in other income, net, in fiscal year 2024, as compared to fiscal year 2023, was primarily due to \$5.7 million of additional yields and interest income from our debt security investments and cash deposits. The increase was partially offset by an approximately \$1.2 million of increased interest expenses associated with software license purchases, lower subsidies received from a foreign government and net loss from foreign currency remeasurements. In fiscal year 2024, the increase was also negatively impacted by an approximately \$1.2 million impairment recognized and an approximately \$0.7 million lower fair value adjustment relating to our equity investments.

### *Provision (Benefit) for Income Taxes*

	Year Ended January 31,			Change			
	2025	2024	2023	2025		2024	
				Amount	%	Amount	%
	(dollars in thousands)						
Provision (benefit) for income taxes	\$ (602)	\$ 20,887	\$ (5,552)	\$ (21,489)	(102.9)%	\$ 26,439	(476.2)%
Effective tax rate	0.5%	(14.1)%	7.8%	—	14.6%	—	(21.9)%

Income tax expense decreased in fiscal year 2025, as compared to fiscal year 2024, primarily due to a one-time charge of \$22.7 million of valuation allowance in the prior fiscal year that did not recur in the current fiscal year, a benefit from income tax reserve release upon the lapse of the statute of limitations of \$2.8 million and an increase in the proportion of profits generated in lower tax jurisdictions, partially offset by an increase in non-deductible stock-based compensation.

Income tax expense increased in fiscal 2024, as compared to fiscal year 2023, primarily due to a one-time charge of \$22.7 million of valuation allowance against the Company's remaining U.S. net deferred tax assets, a decrease in the proportion of profits generated in lower tax jurisdictions and a decrease in the benefit from FIN48 reserves upon the lapse of the statute of limitations, partially offset by a decrease in non-deductible stock-based compensation.

## Liquidity and Capital Resources

### Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Year Ended January 31,		
	2025	2024 (in thousands)	2023
Net cash provided by operating activities	\$ 33,836	\$ 19,024	\$ 44,093
Net cash provided by (used in) investing activities	(40,526)	7,842	(107,295)
Net cash provided by financing activities	6,398	4,506	5,698
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ (292)	\$ 31,372	\$ (57,504)

### Net Cash Provided by Operating Activities

*Fiscal year 2025 compared to fiscal year 2024:* Cash provided by operating activities increased primarily due to lower net loss adjusted for certain non-cash items and increased liabilities driven by higher cash advances from NRE projects and development funding, partially offset by lower collections of accounts receivable associated with the timing of sales and increased inventory purchases based on expected future demand from customers.

*Fiscal year 2024 compared to fiscal year 2023:* Cash provided by operating activities decreased primarily due to higher net loss adjusted for certain non-cash items, partially offset by increased working capital as a result of better management on accounts receivable and liabilities, as well as decreased inventory purchases due to lower demand from customers.

### Net Cash Provided by (Used in) Investing Activities

*Fiscal year 2025 compared to fiscal year 2024:* Net cash used in investing activities increased primarily due to approximately \$36.5 million of additional cash payments for our debt security purchases and \$13.5 million of less cash proceeds from maturities and sales of our debt security investments, partially offset by \$1.6 million less in payment for the purchase of property and equipment.

*Fiscal year 2024 compared to fiscal year 2023:* Net cash provided by investing activities increased primarily due to approximately \$63.3 million of less cash used in debt security purchases due to the timing of investment, \$49.6 million of higher cash receipts from maturities and sales of our debt security investments, as well as \$3.1 million less in payments for purchase of property, equipment and licenses, partially offset by a \$0.7 million claim from an acquisition escrow account in fiscal year 2023 that did not recur in fiscal year 2024.

### Net Cash Provided by Financing Activities

*Fiscal year 2025 compared to fiscal year 2024:* Net cash provided by financing activities increased primarily due to approximately \$3.0 million higher cash receipts from stock activities, partially offset by approximately \$1.1 million higher principal payments associated with long-term software license agreements.

*Fiscal year 2024 compared to fiscal year 2023:* Net cash provided by financing activities decreased primarily due to approximately \$1.1 million less in payments for the purchase of licenses.

### Stock Repurchase Program

There were no shares repurchased in fiscal years 2025, 2024 and 2023. On May 29, 2024, our Board of Directors approved an extension of our existing share repurchase program for an additional twelve months through June 30, 2025. As of January 31, 2025, there was approximately \$49.0 million available for repurchases through June 30, 2025. Repurchases under the program may be made from time-to-time through open market purchases, 10b5-1 plans or privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The repurchase program does not obligate us to acquire any particular amount of ordinary shares, and it may be suspended at any time at the company's discretion. Repurchases are funded using working capital and any repurchased shares will be recorded as authorized but unissued shares.

### Sources of Liquidity

As of January 31, 2025, we had cash, cash equivalents and marketable debt securities on hand of approximately \$250.3 million, compared with approximately \$219.9 million of cash, cash equivalents and marketable debt securities on hand as of January 31, 2024.

### Operating and Capital Expenditure Requirements

We believe that our existing cash balances will be sufficient to meet our anticipated cash requirements through at least the next 12 months. In the future, we may require more working capital to meet our operating and capital expenditure needs. If our available cash balances are insufficient to satisfy our future liquidity requirements, we may seek to sell equity or convertible debt securities or borrow funds commercially.

Our short-term and long-term capital requirements will depend on many factors, including the following:

- our ability to generate cash from operations;
- our ability to control our costs;
- the expansion of our research and development of new technologies and products to address new markets and applications;
- the emergence of competing or complementary technologies or products;
- global economic and political conditions, including macroeconomic conditions, high inflation and trade restrictions;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights or participating in litigation-related activities; and
- our acquisition of complementary businesses, products and technologies.

### Contractual Obligations, Commitments and Contingencies

The following table summarizes our outstanding contractual obligations as of January 31, 2025:

	Payment Due by Period as of January 31, 2025					All Other
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	
<b>Contractual Obligations</b>						
Technology licenses <sup>(1)</sup>	\$ 10,038	\$ 7,456	\$ 2,582	\$ —	\$ —	\$ —
Manufacturing purchase commitments <sup>(2)</sup>	56,378	56,378	—	—	—	—
Capital commitment <sup>(3)</sup>	4,453	210	3,865	23	355	—
Lease commitment <sup>(4)</sup>	15,747	—	3,134	3,786	8,827	—
Service commitment <sup>(5)</sup>	8,022	1,093	3,425	3,504	—	—
<b>Total</b>	<b>\$ 94,638</b>	<b>\$ 65,137</b>	<b>\$ 13,006</b>	<b>\$ 7,313</b>	<b>\$ 9,182</b>	<b>\$ —</b>

- (1) Technology license obligations primarily represent future cash payments for noncancelable internal-use software licenses used in product design.
- (2) Manufacturing purchase commitments consist primarily of inventory purchase commitments with our independent contract manufacturers.
- (3) Capital commitment primarily represents future construction cost for our office building constructed in Parma, Italy.
- (4) Lease commitment represents the new office future lease payments for our headquarters located in Santa Clara, California. Refer to Note 8 Leases within Notes to Consolidated Financial Statements for detail information.
- (5) Service commitment represents future cash payments for our IT infrastructure service from a third party.

We also have lease obligations primarily for our worldwide office facilities. As of January 31, 2025, these undiscounted lease payments were a total of \$5.4 million, with \$2.9 million due in the next 12 months. Refer to Note 8 Leases within Notes to Consolidated Financial Statements for further information.

### **Stock Options and Restricted Stock Units**

Grants of stock-based awards are key components of the compensation packages we provide to attract and retain employees and to align their interests with the interests of shareholders. We recognize that these stock-based awards will dilute existing shareholders and have sought to limit the number of shares granted while providing competitive compensation packages. As of January 31, 2025, we had a total of 2.9 million ordinary shares subject to outstanding stock options and unvested restricted stock units, which will dilute our existing shareholders. This potential dilution will only result if outstanding options vest and are exercised and restricted stock units vest and are settled.

### **Recent Accounting Pronouncements**

See Note 1, “Organization and Summary of Significant Accounting Policies—Recent Accounting Pronouncements” of the Notes to the Consolidated Financial Statements, included in Part IV, Item 15 of this report, for a full description of recent accounting standards, including the respective dates of adoption and effects on our consolidated financial position, results of operations and cash flows.

### **Critical Accounting Policies and Significant Management Estimates**

The preparation of audited consolidated financial statements in conformity with U.S. generally accepted accounting principles, or GAAP, requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported periods. On an ongoing basis, we evaluate our estimates and assumptions, including those related to (i) write downs of excess and obsolete inventories; (ii) the estimated useful lives of long-lived assets; (iii) the valuation of stock-based compensation awards; (iv) the realization of tax assets and estimates of tax liabilities, including reserves for uncertain tax positions and recognition or release of valuation allowance on deferred tax assets. These estimates and assumptions are based on historical experience and on various other factors which we believe to be reasonable under the circumstances. We may engage third-party valuation specialists to assist with estimates related to the valuation of assets and stock awards associated with various contractual arrangements. Such estimates often require the selection of appropriate valuation methodologies and significant judgment. Actual results could differ from these estimates under different assumptions or circumstances and such differences could be material.

We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management’s judgment and estimates:

#### ***Revenue Recognition***

In accordance with Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers, we recognize revenue when control of goods and services is transferred to our customers. Revenue recognition is evaluated through the following five steps: (i) identification of the contract, or contracts, with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

The sale of semiconductor products accounts for the substantial majority of our consolidated revenue. Sales agreements with customers are renewable periodically and contain terms and conditions with respect to payment, delivery, warranty, supply and other rights. We consider an accepted customer purchase order, governed by sales agreement, to be the contract with the customer. For each contract, we consider the promise to transfer tangible products to be the identified performance obligation. Product sales contracts may include volume-based tiered pricing or rebates that are fulfilled in cash or product. In determining the transaction price, we account for the right of returns, cash rebates, commissions and other pricing adjustments as variable consideration, estimate these amounts based on the expected amount to be provided to customers and reduce the revenue recognized. We estimate sales returns and rebates based on our historical patterns of return and pricing credits. As our standard payment terms are 30 days to 60 days, the contracts have no financing component. For a limited number of contracts that include volume-based tiered pricing, we estimate the total consideration to be received by using the expected value method for each contract, compute weighted average selling price for each unit shipped in cases where there is a material right due to the presence of volume-based tiered pricing, allocate the total consideration between the identified performance obligations, and recognize revenue when control of goods and services is transferred to our customers. We consider product control to be transferred at a point in time upon shipment or delivery because we have a present right to payment at that time, the customer has legal title to the asset, we have transferred physical possession of the asset, and the customer has significant risk and rewards of ownership of the asset.

We also enter into various project service agreements with certain customers, including development funding agreements subject to certain refund conditions. In determining whether a development funding agreement constitutes a contract with a customer, we assess whether the substantive and genuine financial risk has been transferred to the funding party and whether the services provided to the funding party are an output of our ordinary activities in exchange for consideration. These agreements may include multiple performance obligations, such as software development services, licensing of intellectual property and post-contract customer support, or PCS. These multiple performance obligations are highly interdependent, highly interrelated, are typically not sold separately and do not have standalone selling prices. They are all inputs to generate one combined output which is incorporating our SoC into the customer's product. Accordingly, we determine that they are not separately identifiable and shall be treated as a single performance obligation. For fixed-price project service contracts, we recognize revenue either over time as services are provided using an input method based on contract costs incurred to date compared to total estimated contract cost, or at a point in time upon completion and acceptance by the customer, depending on the terms of the arrangement. For project service contracts that are billed at a fixed rate for each hour of service provided, we recognize revenue in the amount for which we have the right to invoice as we believe the amount invoiced directly corresponds with the value to the customer of our performance completed to date.

Timing of revenue recognition may differ from the timing of invoicing to our customers. We record contract assets when revenue is recognized prior to invoicing. Our contract assets are primarily related to the satisfied but unbilled performance obligations associated with project service agreements at the reporting date. As of January 31, 2025 and 2024, the contract assets for these unbilled receivables were not material, respectively. Our contract liabilities consist of deferred revenue. The deferred revenue is primarily related to the nonrecurring engineering charges that are either invoiced or paid but performance obligations are not satisfied, as well as the portion of a transaction price that exceeds the weighted average selling price for products sold to date under tiered-pricing contracts that contain material rights. The deferred revenue is expected to be recognized over the period when performance obligations are satisfied associated with project service agreements, or over the course of the contract when products are delivered for future pricing below the weighted average selling price of the contract. We also elect not to disclose the value of unsatisfied or partially unsatisfied performance obligations for contracts with original expected contract duration of one year or less, and elect to exclude amounts collected from customers for all sales taxes from the transaction price.

### ***Inventory Valuation***

We record inventories at the lower of cost or net realizable value. The cost includes materials and other production costs and is computed using standard cost on a first-in, first-out basis. Inventory reserves are recorded for estimated obsolescence or unmarketable inventories based on forecast of future demand and market conditions. Any adjustments to reduce the cost of inventories to their net realizable value are recognized in earnings in the current period. Once inventory is written down, a new accounting cost basis is established and, accordingly, any associated reserve is not released until the inventory is sold or scrapped.

### ***Goodwill***

We do not amortize goodwill. We test goodwill for impairment at least annually in the fourth fiscal quarter, or sooner whenever events or changes in circumstances indicate that the asset may be impaired. There is only one single reporting unit for goodwill impairment test purposes based on our business and reporting structure. We are permitted to first assess qualitative factors to determine whether the two step goodwill impairment test is necessary. Further testing is only required if we determine, based on the qualitative assessment, that it is more likely than not that the reporting unit's fair value is less than its carrying amount. Otherwise, no further impairment testing is required. Qualitative factors include industry and market considerations, overall financial performance, and other relevant events and factors affecting the reporting unit. No goodwill impairment has been identified to date based on our qualitative factors assessment.

### ***Stock-Based Compensation***

We measure stock-based compensation for equity awards based on the estimated fair value on the grant date, and recognize that compensation as expense using the straight-line attribution method over the requisite service period, which is typically the vesting period of each award. We determine the fair value of restricted stock units with service conditions based on the fair market value of our ordinary shares on the grant date. We use the Lattice pricing model and perform Monte Carlo Simulation to evaluate the fair value of restricted stock units with market conditions. We also use the Black-Scholes option pricing model to determine the fair value of shares to be issued under our employee stock purchase plan, or ESPP, at the commencement of an offering period. We elect to account for forfeitures as they occur.

### ***Income Taxes***

We record income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. In estimating future tax consequences, generally all expected future events other than enactments or changes in the tax law or rates are considered. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

We apply authoritative guidance for the accounting for uncertainty in income taxes. The guidance requires that tax effects of a position be recognized only if it is “more likely than not” to be sustained based solely on its technical merits as of the reporting date. Upon estimating our tax positions and tax benefits, we consider and evaluate numerous factors, which may require periodic adjustments and which may not reflect the final tax liabilities. We adjust our financial statements to reflect only those tax positions that are more likely than not to be sustained under examination.

As part of the process of preparing consolidated financial statements, we are required to estimate our taxes in each of the jurisdictions in which we operate. We estimate actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as accruals and allowances not currently deductible for tax purposes. These differences result in deferred tax assets, which are included in the consolidated balance sheets. In general, deferred tax assets represent future tax benefits to be received when certain expenses previously recognized in the consolidated statements of operations become deductible expenses under applicable income tax laws, or loss or credit carryforwards are utilized.

In assessing whether deferred tax assets may be realized, we consider whether it is more likely than not that some portion or all of deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income.

We make estimates and judgments about our future taxable income based on assumptions that are consistent with our plans and estimates. Should the actual amounts differ from estimates, the amount of valuation allowance could be materially impacted. Any adjustment to the deferred tax asset valuation allowance would be recorded in the consolidated statements of operations for the periods in which the adjustment is determined to be required.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We had cash, cash equivalents and marketable debt securities totaling \$250.3 million and \$219.9 million at January 31, 2025 and 2024, respectively. Our cash is deposited in checking accounts with reputable financial institutions in excess of the Federal Deposit Insurance Corporation, or FDIC, insurance coverage limit of \$250,000 per depositor, per FDIC-insured bank, per ownership category. The cash equivalents and marketable debt securities consist primarily of investments in money market funds, fixed deposits, commercial paper, corporate bonds, asset-backed securities and U.S. government securities. Our cash is held primarily for working capital purposes. We do not enter into investments for trading or speculative purposes.

### ***Interest Rate Fluctuation Risk***

The primary objective of our investment activities is to preserve capital, and provide both, liquidity and income, without significantly increasing risk. Some of the securities we invest in are subject to market risk. This means that a change in prevailing interest rates may have an impact on interest income and the fair market value of those securities. To minimize this risk, we maintain our portfolio in a variety of debt securities with high liquidity and low credit risk. The current inflationary environment in the United States and resulting high interest rates have generated high interest income and have not had a material negative impact on our investment portfolio and financial position to date. We do not enter into investments for trading or speculative purposes. As of January 31, 2025, a hypothetical 10% change in interest rates would not have a material impact on our interest income or investment fair value.

### *Foreign Currency Risk*

To date, all of our product sales and inventory purchases have been denominated in U.S. dollars. We therefore have not had any foreign currency risk associated with these two activities. The functional currency of all of our entities is the U.S. dollar. Our operations outside of the United States incur operating expenses and hold assets and liabilities denominated in foreign currencies, principally the New Taiwan Dollar, the Chinese Yuan Renminbi and the Eurozone Euro. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. To date, we have not entered into any foreign currency hedging contracts due to immaterial impact on our financial statements from the foreign currency fluctuations. As we grow our operations, our exposure to foreign currency risk could become more significant. We also do not expect to enter into foreign currency exchange contracts for trading or speculative purposes.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The financial statements required by this Item are set forth as a separate section of this Annual Report on Form 10-K. See Item 15 for a listing of financial statements provided in the section titled "Financial Statements."

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

## ITEM 9A. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. The term “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e)) under the Exchange Act, means controls and other procedures of a company that are designed to ensure 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. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based upon such evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that, as of January 31, 2025, our disclosure controls and procedures were effective at the reasonable assurance level.

### Management’s Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company’s internal control over financial reporting is 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. 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.

Management has evaluated the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of January 31, 2025.

The effectiveness of our internal control over financial reporting as of January 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears herein.

### Remediation of Previously Reported Material Weakness

As reported in Part II, Item 9A. “Controls and Procedures” in our Annual Report on Form 10-K for the fiscal year ended January 31, 2024, our management identified a material weakness in our internal control over financial reporting as of January 31, 2024, as we did not design and maintain effective controls over the accounting for income taxes. Specifically, we did not have tax personnel with the appropriate skills and level of experience to assess complicated tax matters, and we did not properly identify, risk assess, design and maintain effective controls related to the income tax provision, including controls related to the evaluation of tax deductions and recognition and measurement of deferred tax assets. This material weakness resulted in immaterial errors to the provision for income taxes, deferred tax assets, income taxes payable, and income tax disclosures which were adjusted in the Company’s consolidated financial statements for the fiscal year ended January 31, 2024.

In order to remediate the material weakness described above, management implemented a remediation plan that included hiring a new tax director and strengthening our existing control activities with improved documentation standards, technical oversight and training, as well as implementing specific review procedures to our income tax provision controls.

The remediation plan was implemented during fiscal year 2025 and management determined that the controls have been designed and implemented and have operated effectively for a sufficient period of time. Therefore, management concluded the previously reported material weakness has been remediated as of January 31, 2025.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting during the Company's fiscal quarter ended January 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Inherent Limitations of Disclosure Controls and Procedures and Internal Control over Financial Reporting**

Because of their inherent limitations, our disclosure controls and procedures and our internal control over financial reporting may not prevent material errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The effectiveness of our disclosure controls and procedures and our internal control over financial reporting is subject to risks, including that the controls may become inadequate because of changes in conditions or that the degree of compliance with our policies or procedures may deteriorate.

**ITEM 9B. OTHER INFORMATION***Securities Trading Plans of Directors and Executive Officers*

During our fourth quarter of fiscal year 2025, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

## **PART III**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information responsive to this item is incorporated herein by reference to our Proxy Statement for our 2025 annual meeting of shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

We have a Code of Business Conduct and Ethics for all of our directors, officers and employees. We also have a Code of Ethics for Finance Team applicable to our Chief Executive Officer, Chief Financial Officer and other Senior Financial Officers. These documents are available on our website at <http://investor.ambarella.com/corporate-governance>. To date, there have been no waivers under our Code of Business Conduct and Ethics and Code of Ethics for Finance Team. We will post any amendments or waivers, if and when granted, of our Code of Business Conduct and Ethics and Code of Ethics for Finance Team on our website.

### **ITEM 11. EXECUTIVE COMPENSATION**

The information responsive to this item is incorporated herein by reference to our Proxy Statement for our 2025 annual meeting of shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information responsive to this item is incorporated herein by reference to our Proxy Statement for our 2025 annual meeting of shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information responsive to this item is incorporated herein by reference to our Proxy Statement for our 2025 annual meeting of shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information responsive to this item is incorporated herein by reference to our Proxy Statement for our 2025 annual meeting of shareholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### (a) (1) Financial Statements

The following consolidated financial statements of the Registrant and Report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, are included herewith:

<u>Financial Statement Description</u>	<u>Page</u>
• <a href="#">Report of Independent Registered Public Accounting Firm</a> (PCAOB ID: 238)	66
• <a href="#">Consolidated Balance Sheets As of January 31, 2025 and 2024</a>	68
• <a href="#">Consolidated Statements of Operations For the Years Ended January 31, 2025, 2024 and 2023</a>	69
• <a href="#">Consolidated Statements of Comprehensive Loss For the Years Ended January 31, 2025, 2024 and 2023</a>	70
• <a href="#">Consolidated Statements of Shareholders' Equity For the Years Ended January 31, 2025, 2024 and 2023</a>	71
• <a href="#">Consolidated Statements of Cash Flows For the Years Ended January 31, 2025, 2024 and 2023</a>	72
• <a href="#">Notes to Consolidated Financial Statements</a>	73

#### (a) (2) Financial Statement Schedule

Financial statement schedules are omitted because they are not applicable or the required information is shown in the Financial Statements or the notes thereto.

#### (b) Exhibits

The exhibits listed below in the accompanying "Exhibits Index" are filed or incorporated by reference as part of this Annual Report on Form 10-K.

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Ambarella, Inc.

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Ambarella, Inc. and its subsidiaries (the "Company") as of January 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive loss, of shareholders' equity and of cash flows for each of the three years in the period ended January 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of January 31, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

### ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Accounting for Income Taxes*

As described in Notes 1 and 14 to the consolidated financial statements, the Company's accounting for income taxes requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in its financial statements or tax returns. Upon estimating the Company's tax positions and tax benefits, management considers and evaluates numerous factors, which may require periodic adjustments and which may not reflect the final tax liabilities. Management adjusts the Company's financial statements to reflect only those tax positions that are more likely than not to be sustained under examination. As part of the process of preparing consolidated financial statements, the Company is required to estimate its taxes in each of the jurisdictions in which it operates. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized. The Company makes estimates and judgments about its future taxable income based on assumptions that are consistent with its plans and estimates. Should the actual amounts differ from estimates, the amount of valuation allowance could be materially impacted. The Company's worldwide operating income is subject to varying tax rates and its effective tax rate is highly dependent upon the geographic distribution of its earnings or losses and the tax laws and regulations in each geographical region. The Company recorded a benefit for income taxes of \$0.6 million for the year ended January 31, 2025, and has unrecognized tax benefits of \$20.5 million and net deferred tax liabilities of \$0.5 million, including a valuation allowance of \$68.0 million, as of January 31, 2025.

The principal considerations for our determination that performing procedures relating to the accounting for income taxes is a critical audit matter are (i) the significant judgment by management when determining the benefit for income taxes, net deferred tax liabilities, including a valuation allowance, and liabilities for uncertain tax positions and (ii) a high degree of auditor judgment, subjectivity, and effort in performing audit procedures and evaluating audit evidence relating to these account balances and tax positions. As disclosed by management, a material weakness existed during the year related to this matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to accounting for income taxes, including those related to the determination of the benefit for income taxes, net deferred tax liabilities, including a valuation allowance, and liabilities for uncertain tax positions. These procedures also included, among others (i) testing the benefit for income taxes, including the effective tax rate reconciliation, permanent and temporary differences, and taxable income by jurisdiction; (ii) testing the completeness and accuracy of underlying data used in measuring and recognizing deferred tax assets and liabilities; (iii) evaluating management's assessment of the realizability of deferred tax assets on a jurisdictional basis; and (iv) evaluating the completeness of management's assessment of the identification of uncertain tax positions, possible outcomes of each uncertain tax position based on the application of relevant tax laws, and the amount of the potential benefit to be realized, including estimated interest and penalties.

/s/ PricewaterhouseCoopers LLP  
San Jose, California  
March 28, 2025

We have served as the Company's auditor since 2008.

AMBARELLA, INC.  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except share and per share data)

	As of	
	January 31, 2025	January 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 144,622	\$ 144,914
Marketable debt securities	105,643	75,013
Accounts receivable, net	29,767	24,950
Inventories	34,428	29,043
Restricted cash	7	7
Prepaid expenses and other current assets	6,084	6,230
Total current assets	320,551	280,157
Property and equipment, net	9,084	10,439
Intangible assets, net	47,279	55,136
Operating lease right-of-use assets, net	5,188	5,250
Goodwill	303,625	303,625
Other non-current assets	3,241	3,048
Total assets	<u>\$ 688,968</u>	<u>\$ 657,655</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	21,775	28,503
Accrued and other current liabilities	80,781	48,598
Operating lease liabilities, current	2,829	3,443
Income taxes payable	1,383	1,541
Deferred revenue, current	14,226	894
Total current liabilities	120,994	82,979
Operating lease liabilities, non-current	2,436	1,896
Other long-term liabilities	4,126	12,909
Total liabilities	<u>127,556</u>	<u>97,784</u>
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Preference shares, \$0.00045 par value per share, 20,000,000 shares authorized and no shares issued and outstanding at January 31, 2025 and January 31, 2024, respectively	—	—
Ordinary shares, \$0.00045 par value per share, 200,000,000 shares authorized; 41,963,959 and 40,520,558 shares issued and outstanding at January 31, 2025 and January 31, 2024, respectively	19	18
Additional paid-in capital	813,683	694,967
Accumulated other comprehensive loss	(233)	(183)
Accumulated deficit	(252,057)	(134,931)
Total shareholders' equity	<u>561,412</u>	<u>559,871</u>
Total liabilities and shareholders' equity	<u>\$ 688,968</u>	<u>\$ 657,655</u>

See accompanying notes to consolidated financial statements.

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

	Year Ended January 31,		
	2025	2024	2023
Revenue	\$ 284,865	\$ 226,474	\$ 337,606
Cost of revenue	112,535	89,657	128,672
<b>Gross profit</b>	<u>172,330</u>	<u>136,817</u>	<u>208,934</u>
<b>Operating expenses:</b>			
Research and development	226,109	215,052	204,946
Selling, general and administrative	72,816	76,325	78,244
Total operating expenses	<u>298,925</u>	<u>291,377</u>	<u>283,190</u>
Loss from operations	(126,595)	(154,560)	(74,256)
Other income, net	8,867	6,030	3,318
<b>Loss before income taxes</b>	<u>(117,728)</u>	<u>(148,530)</u>	<u>(70,938)</u>
Provision (benefit) for income taxes	(602)	20,887	(5,552)
<b>Net loss</b>	<u>\$ (117,126)</u>	<u>\$ (169,417)</u>	<u>\$ (65,386)</u>
Net loss per share attributable to ordinary shareholders:			
Basic	\$ (2.84)	\$ (4.25)	\$ (1.70)
Diluted	<u>\$ (2.84)</u>	<u>\$ (4.25)</u>	<u>\$ (1.70)</u>
Weighted-average shares used to compute net loss per share attributable to ordinary shareholders:			
Basic	41,303,287	39,878,872	38,363,638
Diluted	<u>41,303,287</u>	<u>39,878,872</u>	<u>38,363,638</u>

See accompanying notes to consolidated financial statements.

AMBARELLA, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
(in thousands)

	Year Ended January 31,		
	2025	2024	2023
<b>Net loss</b>	\$ (117,126)	\$ (169,417)	\$ (65,386)
Other comprehensive income (loss), net of tax:			
Net unrealized gains (losses) on investments	(50)	309	(492)
Other comprehensive income (loss), net of tax	(50)	309	(492)
<b>Comprehensive loss</b>	\$ (117,176)	\$ (169,108)	\$ (65,878)

See accompanying notes to consolidated financial statements.

AMBARELLA, INC.  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(in thousands, except share data)

	Outstanding		Additional Paid-in Capital	Accumulated Other Comprehen- sive Loss	Retained Earnings (Accumulated Deficit)	Total
	Ordinary Shares Shares	Amount				
	37,302,81					
<b>Balance--January 31, 2022</b>	<u>8</u>	<u>\$ 17</u>	<u>\$ 447,287</u>	<u>\$ —</u>	<u>\$ 99,872</u>	<u>\$ 547,176</u>
Issuance of shares through employee equity plans	1,635,596	1	11,408	—	—	11,409
Issuance of shares through employee stock purchase plan	104,586	—	6,636	—	—	6,636
Stock-based compensation expense	—	—	106,745	—	—	106,745
Other comprehensive loss - net of tax	—	—	—	(492)	—	(492)
Net loss	—	—	—	—	(65,386)	(65,386)
	39,043,00					
<b>Balance--January 31, 2023</b>	<u>0</u>	<u>18</u>	<u>572,076</u>	<u>(492)</u>	<u>34,486</u>	<u>606,088</u>
Issuance of shares through employee equity plans	1,325,539	—	7,280	—	—	7,280
Issuance of shares through employee stock purchase plan	152,019	—	7,934	—	—	7,934
Stock-based compensation expense	—	—	107,677	—	—	107,677
Other comprehensive income - net of tax	—	—	—	309	—	309
Net loss	—	—	—	—	(169,417)	(169,417)
	40,520,55					
<b>Balance--January 31, 2024</b>	<u>8</u>	<u>18</u>	<u>694,967</u>	<u>(183)</u>	<u>(134,931)</u>	<u>559,871</u>
Issuance of shares through employee equity plans	1,251,065	1	8,360	—	—	8,361
Issuance of shares through employee stock purchase plan	192,336	—	8,035	—	—	8,035
Stock-based compensation expense	—	—	102,321	—	—	102,321
Other comprehensive loss - net of tax	—	—	—	(50)	—	(50)
Net loss	—	—	—	—	(117,126)	(117,126)
	41,963,95					
<b>Balance--January 31, 2025</b>	<u>9</u>	<u>\$ 19</u>	<u>\$ 813,683</u>	<u>\$ (233)</u>	<u>\$ (252,057)</u>	<u>\$ 561,412</u>

See accompanying notes to consolidated financial statements.

AMBARELLA, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

	Year Ended January 31,		
	2025	2024	2023
<b>Cash flows from operating activities:</b>			
Net loss	\$ (117,126)	\$ (169,417)	\$ (65,386)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	26,060	24,813	19,934
Amortization (accretion) of premium (discount) on marketable debt securities, net	(582)	(1,154)	(683)
Stock-based compensation	107,803	111,316	111,158
Deferred income taxes	(119)	19,042	(3,936)
Other non-cash items, net	502	1,121	(751)
Changes in operating assets and liabilities:			
Accounts receivable	(4,817)	27,037	(7,680)
Inventories	(5,213)	11,443	4,733
Prepaid expenses and other current assets	143	(961)	153
Other non-current assets	(75)	38	978
Accounts payable	(9,581)	10,658	(13,325)
Accrued and other current liabilities	30,383	(6,660)	5,225
Income taxes payable	(158)	(2,571)	2,867
Deferred revenue	13,332	(1,531)	1,012
Operating lease liabilities	(3,800)	(3,877)	(4,011)
Other long-term liabilities	(2,916)	(273)	(6,195)
Net cash provided by operating activities	<u>33,836</u>	<u>19,024</u>	<u>44,093</u>
<b>Cash flows from investing activities:</b>			
Purchases of investments	(70,670)	(34,178)	(97,437)
Sales of investments	21,387	7,062	2,444
Maturities of investments	19,138	46,935	2,000
Purchase of tangible and intangible assets	(10,381)	(11,977)	(15,051)
Escrow claim associated with business acquisition	—	—	749
Net cash provided by (used in) investing activities	<u>(40,526)</u>	<u>7,842</u>	<u>(107,295)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from exercise of stock options and employee stock purchase plan	13,525	10,536	10,585
Long-term financing payment for intangible assets	(7,127)	(6,030)	(4,887)
Net cash provided by financing activities	<u>6,398</u>	<u>4,506</u>	<u>5,698</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(292)	31,372	(57,504)
Cash, cash equivalents and restricted cash at beginning of period	144,921	113,549	171,053
Cash, cash equivalents and restricted cash at end of period	<u>\$ 144,629</u>	<u>\$ 144,921</u>	<u>\$ 113,549</u>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for income taxes	<u>\$ 1,418</u>	<u>\$ 7,112</u>	<u>\$ 1,444</u>
<b>Supplemental disclosure of noncash investing activities:</b>			
Unpaid liabilities related to tangible and intangible assets purchases	<u>\$ 4,213</u>	<u>\$ 6,880</u>	<u>\$ 16,410</u>

See accompanying notes to consolidated financial statements.

**AMBARELLA, INC.**  
**Notes to Consolidated Financial Statements**

**1. Organization and Summary of Significant Accounting Policies**

***Organization***

Ambarella, Inc. (the Company) was incorporated in the Cayman Islands on January 15, 2004. The Company is a leading developer of low-power semiconductor solutions offering powerful artificial intelligence (AI) processing, advanced image signal processing, and high-definition (HD) and Ultra HD compression. The Company combines its processor design capabilities with its expertise in video and image processing, algorithms and software to provide a technology platform that is designed to be easily scalable across multiple applications and enable rapid and efficient product development. The Company's system-on-a-chip, or SoC, designs fully integrate high-definition video processing, image processing, AI algorithms, audio processing and system functions onto a single chip. These low power SoCs deliver exceptional video and image quality and can extract valuable data from high-resolution video and radar streams. The Company is currently addressing a broad range of human and AI applications, including video security, advanced driver assistance systems (ADAS), electronic mirrors, drive recorders, driver/cabin monitoring systems, autonomous driving, and industrial and robotic applications.

The Company sells its solutions to leading original equipment manufacturers, or OEMs, who include the Company's SoCs in their products, and original design manufacturers, or ODMs, who include the Company's SoCs in the products that they supply to OEMs, globally.

***Basis of Consolidation***

The Company's fiscal year ends on January 31. The consolidated financial statements of the Company and its subsidiaries have been prepared in conformity with U.S. GAAP. All intercompany transactions and balances have been eliminated upon consolidation.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported periods. Actual results could differ from those estimates.

On an ongoing basis, management evaluates its estimates and assumptions, including those related to (i) write downs of excess and obsolete inventories; (ii) the estimated useful lives of long-lived assets; (iii) the valuation of stock-based compensation awards; (iv) the realization of tax assets and estimates of tax liabilities, including reserves for uncertain tax positions and recognition or release of valuation allowance on deferred tax assets. These estimates and assumptions are based on historical experience and on various other factors which the Company believes to be reasonable under the circumstances. The Company may engage third-party valuation specialists to assist with estimates related to the valuation of assets and stock awards associated with various contractual arrangements. Such estimates often require the selection of appropriate valuation methodologies and significant judgment. Actual results could differ from these estimates under different assumptions or circumstances and such differences could be material.

***Concentration of Risk***

The Company's products are manufactured, assembled and tested by third-party contractors located primarily in Asia. The Company does not have long-term agreements with these contractors. A significant disruption in the operations of one or more of these contractors would impact the production of the Company's products which could have a material adverse effect on its business, financial condition and results of operations.

A substantial portion of the Company's revenue is derived from sales through one of its distributors, WT Microelectronics Co., Ltd., formerly Wintech Microelectronics Co., Ltd., or WT, which serves as its non-exclusive sales representative and fulfillment partner in Asia other than Japan, and to one ODM, Chicony Electronics Co., Ltd., or Chicony, which manufactures devices incorporating the Company's solutions on behalf of multiple end-customers. Termination of the relationships with these customers could result in a temporary or permanent loss of revenue. Furthermore, any credit issues from these customers could impair their abilities to make timely payment to the Company. See Note 16 for additional information regarding revenue and credit concentration with these customers.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, marketable debt securities and accounts receivable. The Company maintains its cash primarily in checking accounts with reputable financial institutions. Cash deposits held with these financial institutions may exceed the amount of insurance provided on such deposits. The Company has not experienced any losses on deposits of its cash. In order to limit the exposure of each investment, the cash equivalents and marketable debt securities consist primarily of money market funds, fixed deposits, commercial paper, corporate bonds, asset-backed securities and U.S. government securities which management assesses to be highly liquid. The Company does not hold or issue financial instruments for trading purposes.

The Company performs ongoing credit evaluation of its customers and adjusts credit limits based upon payment history and customers' credit worthiness. The Company regularly monitors collections and payments from its customers.

#### ***Foreign Currency Transactions***

The U.S. dollar is the functional currency for the Company and its subsidiaries. Monetary assets and liabilities denominated in non-U.S. currencies are re-measured to U.S. dollars using current exchange rates in effect at the balance sheet date. Nonmonetary assets and liabilities are re-measured to U.S. dollars using historical exchange rates. Monetary and other accounts are re-measured to U.S. dollars using average exchange rates in effect during each period. Gains or losses from foreign currency re-measurement are included in other income, net in the consolidated statements of operations, and, to date, have not been material.

#### ***Fair Value of Financial Instruments***

Fair value accounting is applied to all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed in the financial statements on a recurring basis. The carrying amounts reflected in the consolidated balance sheets for cash equivalents, accounts receivable, accounts payable, accrued liabilities and other current liabilities, approximate fair value due to the short-term nature.

#### ***Cash Equivalents and Marketable Debt Securities***

The Company considers all highly liquid investments that are readily convertible into cash and highly liquid debt security investments with original maturities of less than three months at the time of purchase to be cash equivalents. Debt security investments that are highly liquid with original maturities at the time of purchase greater than three months are considered marketable debt securities. The Company classifies the cash equivalents and marketable debt security investments as "available-for-sale" (AFS) securities.

The Company estimates an expected loss whenever a security's fair value is below its amortized cost basis. The expected loss is computed at an individual security level using the discounted cash flow method with the effective interest rate on the purchase date. In the determination of credit-related losses, the Company excludes securities with zero loss expectation such as assets backed by government agencies. There are various factors considered in its assessment of credit-related losses, including the extent to which the fair value is less than the amortized cost basis, adverse conditions related to an industry or an underlying loan obligator, the payment structure of the security, changes to the rating of the security and other factors that may affect the security credit. The credit-related portion of the loss is recognized in other income, net in the consolidated statements of operations but is limited to the difference between the fair value and the amortized cost basis of the security, adjusted for accrued interest. The non-credit-related portion of the loss is recognized in accumulated other comprehensive loss in the consolidated balance sheets.

The Company measures the fair value of money market funds and fixed deposits using quoted prices in active markets for identical assets and classifies them within Level 1. The fair value of the Company's investments in other debt securities are obtained based on quoted prices for similar assets in active markets, or model driven valuations using significant inputs derived from or corroborated by observable market data and are classified within Level 2. The Company does not have any investments classified within Level 3.

### **Restricted Cash**

Amounts included in restricted cash represent those required to be set aside to secure certain transactions in a foreign entity. As of January 31, 2025 and 2024, the restricted cash was immaterial, respectively. The following table presents cash, cash equivalents and restricted cash reported on the consolidated balance sheets, and the sums are presented on the consolidated statements of cash flows:

	<b>As of January 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<b>(in thousands)</b>		
Cash and cash equivalents	\$ 144,622	\$ 144,914	\$ 113,541
Restricted cash	7	7	8
Total as presented in the consolidated statements of cash flows	<u>\$ 144,629</u>	<u>\$ 144,921</u>	<u>\$ 113,549</u>

### **Trade Accounts Receivable and Allowance for Credit Losses**

The Company's accounts receivables are recorded at invoiced amounts less allowance for any credit losses. In arrangements where revenue recognition occurs in advance of invoicing, an unbilled receivable is recorded, less allowance for any credit losses, within accounts receivable, when collection of these unbilled amounts are conditional only on the passage of time. The Company recognizes credit losses based on a forward-looking current expected credit losses (CECL). The Company makes estimates of expected credit losses based upon its assessment of various factors, including historical collection experience, the age of accounts receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The changes in allowance for credit losses are recognized in the consolidated statement of operations. The uncollectible accounts receivables are written off in the period in which a determination is made that all commercially reasonable means of recovering them have been exhausted. There were no material credit losses and write-offs of accounts receivable for the fiscal years ended January 31, 2025, 2024 and 2023, respectively. There was no material allowance recorded as of January 31, 2025 and 2024, respectively.

### **Inventories**

The Company records inventories at the lower of cost or net realizable value. The cost includes materials and other production costs and is computed using standard cost on a first-in, first-out basis. Inventory reserves are recorded for estimated obsolescence or unmarketable inventories based on forecast of future demand and market conditions. Any adjustments to reduce the cost of inventories to their net realizable value are recognized in earnings in the current period. Once inventory is written down, a new accounting cost basis is established and, accordingly, any associated reserve is not released until the inventory is sold or scrapped.

### **Property and Equipment**

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful life for computer equipment, computer software, machinery, equipment and furniture and fixtures. Leasehold improvements are amortized over the shorter of the lease term or their estimated useful lives. Repairs and maintenance are charged to expense as incurred.

### **Intangible Assets**

The Company's intangible assets primarily consist of software licenses as well as developed technology, customer relationships and trade name that were acquired from business combinations. The intangible asset acquired from a business combination is amortized over its estimated useful life.

The Company accounts for a noncancelable on-premise internal-use software license as the acquisition of an intangible asset and the incurrence of a liability to the extent that all or a portion of the software licensing fees are not paid on or before the license acquisition date. The intangible asset and related liability are recorded at net present value and interest expense is recorded over the payment term. The internal-use software license is amortized over its license term.

The Company expenses the cost of purchased software that is to be sold, leased or otherwise marketed as part of a product until the technological feasibility of the product has been established. Once the technological feasibility of the product, to be externally marketed, has been established or where the software has an alternative future use, the Company capitalizes the cost of the purchased software until the associated product is available for general release to customers, at which point the capitalized cost is amortized on a product-by-product basis over the remaining estimated economic life of the product.

## ***Leases***

In accordance with the Accounting Standards Codification (ASC) Topic 842, Leases, the Company recognizes leases as operating lease right-of-use (“ROU”) assets and corresponding lease liabilities at the lease commencement date based on the present value of future lease payments, while recognizing lease expenses under straight-line method through the lease term. The Company also elected the practical expedient that does not recognize ROU assets and lease liabilities that arise from short-term (12 months or less) leases. The Company does not combine lease components with non-lease components, and as a result, the non-lease components are accounted for separately. In determining the present value of lease payments, the Company uses the implicit interest rate if readily determinable. When the implicit rate is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the lease commencement date. The Company's leases mainly include its worldwide office facilities which are all classified as operating leases. Certain leases include renewal options that are under the Company's discretion. The renewal options are included in the ROU asset and liability calculation if it is reasonably certain that the Company will exercise the option. The Company's finance leases were immaterial as of January 31, 2025 and 2024, respectively.

## ***Goodwill***

The Company does not amortize goodwill. The Company tests goodwill for impairment at least annually in the fourth fiscal quarter, or sooner whenever events or changes in circumstances indicate that the asset may be impaired. There is only one single reporting unit for goodwill impairment test purposes based on the Company's business and reporting structure. The Company is permitted to first assess qualitative factors to determine whether the two step goodwill impairment test is necessary. Further testing is only required if the Company determines, based on the qualitative assessment, that it is more likely than not that the reporting unit's fair value is less than its carrying amount. Otherwise, no further impairment testing is required. Qualitative factors include industry and market considerations, overall financial performance, and other relevant events and factors affecting the reporting unit. No goodwill impairment has been identified to date based on the Company's qualitative factors assessment.

## ***Impairment of Long-Lived Assets Excluding Goodwill***

The Company reviews property and equipment and intangible assets, excluding goodwill, for impairment at least annually in the fourth fiscal quarter or whenever events or changes in circumstances indicate that the carrying amount of an asset, or asset group, may not be recoverable. Determination of recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset, or asset group to estimated undiscounted future cash flows expected to be generated by the asset, or asset group. If the carrying amount of an asset or asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or asset group exceeds the estimated fair value of the asset or asset group. Fair value is determined based on the estimated discounted future cash flows expected to be generated by the asset or asset group. Events or changes in circumstances that may indicate that an asset is impaired include significant decreases in the market value of an asset, significant underperformance relative to expected historical or projected future results of operations, a change in the extent or manner in which an asset is utilized, significant declines in the estimated fair value of the overall Company for a sustained period, shifts in technology, loss of key management or personnel, changes in the Company's operating model or strategy and competitive forces. There has been no occurrence of events or indications to date that would trigger an impairment. As such, no impairment charge has been recognized as of January 31, 2025.

## ***Equity Investments***

The Company accounts for its investments in privately held companies as equity investments and reports the investments in other non-current assets in the consolidated balance sheets. The Company chooses to measure these equity investments that do not have readily determinable fair value at cost minus any recorded impairments, adjusted for subsequent observable price changes in transactions for an identical or similar investment of the same issuers. Upon determining that an impairment or observable price change exists, the Company records any adjustment to the fair value of the investment through other income, net in the consolidated statements of operations. There were no significant changes in the fair value of the investments and the Company did not recognize significant impairment losses related to the investments in the fiscal year ended January 31, 2025. There was approximately \$1.2 million of impairment recognized in the fiscal year ended January 31, 2024, while approximately \$0.7 million of realized gain was recognized in the fiscal year ended January 31, 2023.

## ***Revenue Recognition***

In accordance with ASC 606, Revenue from Contracts with Customers, the Company recognizes revenue when control of its goods and services is transferred to its customers. Revenue recognition is evaluated through the following five steps: (i) identification of the contract, or contracts, with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

The sale of semiconductor products accounts for the substantial majority of the Company's consolidated revenue. Sales agreements with customers are renewable periodically and contain terms and conditions with respect to payment, delivery, warranty, supply and other rights. The Company considers an accepted customer purchase order, governed by sales agreement, to be the contract with the customer. For each contract, the Company considers the promise to transfer tangible products to be the identified performance obligation. Product sales contracts may include volume-based tiered pricing or rebates that are fulfilled in cash or product. In determining the transaction price, the Company accounts for the right of returns, cash rebates, commissions and other pricing adjustments as variable consideration, estimates these amounts based on the expected amount to be provided to customers and reduces the revenue recognized. The Company estimates sales returns and rebates based on the Company's historical patterns of return and pricing credits. As the Company's standard payment terms are 30 days to 60 days, the contracts have no financing component. For a limited number of contracts that include volume-based tiered pricing, the Company estimates the total consideration to be received by using the expected value method for each contract, computes weighted average selling price for each unit shipped in cases where there is a material right due to the presence of volume-based tiered pricing, allocates the total consideration between the identified performance obligations, and recognizes revenue when control of its goods and services is transferred to its customers. The Company considers product control to be transferred at a point in time upon shipment or delivery because the Company has a present right to payment at that time, the customer has legal title to the asset, the Company has transferred physical possession of the asset, and the customer has significant risk and rewards of ownership of the asset.

The Company also enters into various project service agreements with certain customers, including development funding agreements subject to certain refund conditions. In determining whether a development funding agreement constitutes a contract with a customer, the Company assesses whether the substantive and genuine financial risk has been transferred to the funding party and whether the services provided to the funding party are an output of the Company's ordinary activities in exchange for consideration. These agreements may include multiple performance obligations, such as software development services, licensing of intellectual property and post-contract customer support, or PCS. These multiple performance obligations are highly interdependent, highly interrelated, are typically not sold separately and do not have standalone selling prices. They are all inputs to generate one combined output which is incorporating its SoC into the customer's product. Accordingly, the Company determines that they are not separately identifiable and shall be treated as a single performance obligation. For fixed-price project service contracts, the Company recognizes revenue either over time as services are provided using an input method based on contract costs incurred to date compared to total estimated contract cost, or at a point in time upon completion and acceptance by the customer, depending on the terms of the arrangement. For project service contracts that are billed at a fixed rate for each hour of service provided, the Company recognizes revenue in the amount for which the Company has the right to invoice as the Company believes the amount invoiced directly corresponds with the value to the customer of its performance completed to date.

Timing of revenue recognition may differ from the timing of invoicing to the Company's customers. The Company records contract assets when revenue is recognized prior to invoicing. The Company's contract assets are primarily related to the satisfied but unbilled performance obligations associated with project service agreements at the reporting date. As of January 31, 2025 and 2024, the contract assets for these unbilled receivables were not material, respectively. The Company's contract liabilities consist of deferred revenue. The deferred revenue is primarily related to the nonrecurring engineering charges that are either invoiced or paid but performance obligations are not satisfied, as well as the portion of a transaction price that exceeds the weighted average selling price for products sold to date under tiered-pricing contracts that contain material rights. The deferred revenue is expected to be recognized over the period when performance obligations are satisfied associated with project service agreements, or over the course of the contract when products are delivered for future pricing below the weighted average selling price of the contract. The Company also elects not to disclose the value of unsatisfied or partially unsatisfied performance obligations for contracts with original expected contract duration of one year or less, and elects to exclude amounts collected from customers for all sales taxes from the transaction price.

### ***Cost of Revenue***

Cost of revenue includes the cost of materials, such as wafers processed by third-party foundries, costs associated with packaging, assembly, testing and manufacturing support operations, such as logistics, planning and quality assurance, as well as personnel costs (including stock-based compensation) related to project service agreements. Cost of revenue also includes indirect costs, such as inventory valuation reserves, adverse purchase commitments, allocation of facility costs, amortization of developed technology and software licenses, warranty and other general overhead costs.

### ***Research and Development***

Research and development costs are expensed as incurred and consist primarily of personnel costs, product development costs, outside services, costs of development for software and hardware tools, costs and amortization of licensing intellectual property from third parties for product development, costs of fabrication of masks for prototype products, equipment expenses, depreciation of equipment and tools and allocation of facility costs.

### ***Selling, General and Administrative***

Selling, general and administrative expenses consist of personnel costs, travel and trade show costs, legal expenses, amortization of trade name and customer relationships, professional services and occupancy costs. Advertising expenses were not material for the fiscal years ended January 31, 2025, 2024 and 2023, respectively.

### ***Stock-Based Compensation***

The Company measures stock-based compensation for equity awards based on the estimated fair value on the grant date, and recognizes that compensation as expense using the straight-line attribution method over the requisite service period, which is typically the vesting period of each award. The Company determines the fair value of restricted stock units with service conditions based on the fair market value of its ordinary shares on the grant date. The Company uses the Lattice pricing model and performs Monte Carlo Simulation to evaluate the fair value of restricted stock units with market conditions. The Company also uses the Black-Scholes option pricing model to determine the fair value of shares to be issued under its employee stock purchase plan, or ESPP, at the commencement of an offering period. The Company elects to account for forfeitures as they occur.

### ***Income Taxes***

The Company records income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in its financial statements or tax returns. In estimating future tax consequences, generally all expected future events other than enactments or changes in the tax law or rates are considered. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company applies authoritative guidance for the accounting for uncertainty in income taxes. The guidance requires that tax effects of a position be recognized only if it is "more likely than not" to be sustained based solely on its technical merits as of the reporting date. Upon estimating its tax positions and tax benefits, the Company considers and evaluates numerous factors, which may require periodic adjustments and which may not reflect the final tax liabilities. The Company adjusts its financial statements to reflect only those tax positions that are more likely than not to be sustained under examination.

As part of the process of preparing consolidated financial statements, the Company is required to estimate its taxes in each of the jurisdictions in which it operates. The Company estimates actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as accruals and allowances not currently deductible for tax purposes. These differences result in deferred tax assets, which are included in the consolidated balance sheets. In general, deferred tax assets represent future tax benefits to be received when certain expenses previously recognized in the consolidated statements of operations become deductible expenses under applicable income tax laws, or loss or credit carryforwards are utilized.

In assessing whether deferred tax assets may be realized, the Company considers whether it is more likely than not that some portion or all of deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income.

The Company makes estimates and judgments about its future taxable income based on assumptions that are consistent with its plans and estimates. Should the actual amounts differ from estimates, the amount of valuation allowance could be materially impacted. Any adjustment to the deferred tax asset valuation allowance would be recorded in the consolidated statements of operations for the periods in which the adjustment is determined to be required.

### ***Net Income (Loss) Per Ordinary Share***

Basic earnings (losses) per share is computed by dividing net income (loss) available to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings (losses) per share is computed by dividing net income (loss) available to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period increased to include the number of additional ordinary shares that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, shares to be purchased under the Company's ESPP and unvested restricted stock units. The dilutive effect of potentially dilutive securities is reflected in diluted earnings (losses) per share by application of the treasury stock method.

### ***Comprehensive Loss***

Comprehensive loss includes unrealized gains or losses from available-for-sale securities that are excluded from net loss.

### ***Recent Accounting Pronouncements***

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This new guidance requires public entities to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. Public entities with a single reportable segment are required to provide the new disclosures and all the disclosures required under ASC 280 *Segment Reporting*. The ASU shall be applied retrospectively to all periods presented in financial statements and is effective for fiscal years beginning after December 15, 2023 and for interim periods beginning after December 15, 2024. The Company adopted this new standard in the fourth quarter of fiscal year 2025, and included additional disclosures on significant segment expenses, in addition to its current segment disclosures. Refer to Note 16 - Segment Reporting for further information.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This new guidance requires additional disclosures related to effective tax rate reconciliation, disaggregated income taxes paid and other modified income tax-related disclosures. The ASU shall be applied on a prospective basis with retrospective application permitted, and is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of adoption of this new guidance on its consolidated financial statements and disclosures.

In November 2024, the FASB issued Accounting Standard Update (ASU) 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This new guidance requires public entities to provide disaggregated disclosures, in the notes to the financial statements, of certain categories of expenses that are included in expense line items on the face of income statement. The ASU may be applied prospectively or retrospectively and is effective for fiscal years beginning after December 15, 2026 and for interim periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of adoption of this new guidance on its consolidated financial statements and disclosures.

## 2. Financial Instruments and Fair Value

The Company invests a portion of its cash in money market funds, fixed deposits and marketable debt securities that are denominated in United States dollars. The marketable debt security portfolio consists of commercial paper, corporate bonds, asset-backed securities and U.S. government securities. All of the investments are classified as available-for-sale securities and reported at fair value in the consolidated balance sheets as follows:

	As of January 31, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
Money market funds	\$ 849	\$ —	\$ —	\$ 849
Fixed deposits	3,000	—	—	3,000
Commercial paper	—	—	—	—
Corporate bonds	55,138	111	(123)	55,126
Asset-backed securities	20,412	20	(67)	20,365
U.S. government securities	30,326	8	(182)	30,152
Total cash equivalents and marketable debt securities	\$ 109,725	\$ 139	\$ (372)	\$ 109,492

	As of January 31, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
Money market funds	\$ 296	\$ —	\$ —	\$ 296
Fixed deposits	7,000	—	—	7,000
Commercial paper	30,806	—	—	30,806
Corporate bonds	38,867	180	(135)	38,912
Asset-backed securities	15,212	14	(96)	15,130
U.S. government securities	21,118	—	(146)	20,972
Total cash equivalents and marketable debt securities	\$ 113,299	\$ 194	\$ (377)	\$ 113,116

The following table provides the breakdown of unrealized losses as of January 31, 2025 and 2024, respectively, aggregated by investment category and length of time that individual securities have been in a continuous loss position:

	As of January 31, 2025					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in thousands)					
Corporate bonds	\$ 23,200	\$ (116)	\$ 2,144	\$ (7)	\$ 25,344	\$ (123)
Asset-backed securities	8,052	(51)	4,343	(16)	12,395	(67)
U.S. government securities	20,380	(169)	4,809	(13)	25,189	(182)
Total marketable debt securities at loss position	\$ 51,632	\$ (336)	\$ 11,296	\$ (36)	\$ 62,928	\$ (372)

	As of January 31, 2024					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in thousands)					
Corporate bonds	\$ 9,050	\$ (19)	\$ 8,363	\$ (116)	\$ 17,413	\$ (135)
Asset-backed securities	4,821	(15)	6,289	(81)	11,110	(96)
U.S. government securities	15,020	(65)	5,952	(81)	20,972	(146)
Total marketable debt securities at loss position	\$ 28,891	\$ (99)	\$ 20,604	\$ (278)	\$ 49,495	\$ (377)

	As of	
	January 31, 2025	January 31, 2024
	(in thousands)	
Included in cash equivalents	\$ 3,849	\$ 38,103
Included in marketable debt securities	105,643	75,013
Total cash equivalents and marketable debt securities	<u>\$ 109,492</u>	<u>\$ 113,116</u>

The contractual maturities of the investments at January 31, 2025 and 2024 were as follows:

	As of	
	January 31, 2025	January 31, 2024
	(in thousands)	
Due within one year	\$ 35,405	\$ 57,216
Due in 1-5 years	74,087	55,900
Total cash equivalents and marketable debt securities	<u>\$ 109,492</u>	<u>\$ 113,116</u>

The unrealized gains and losses on the available-for-sale securities were primarily caused by fluctuations in market value and interest rates as a result of the economic environment. The Company estimates the expected losses at an individual security level whenever a security's fair value is below its amortized cost basis using the discounted cash flow method. The credit-related portion of the loss is recognized in other income, net in the consolidated statements of operations but is limited to the difference between the fair value and the amortized cost basis of the security, adjusted for accrued interest. The non-credit-related portion of the loss is recognized in accumulated other comprehensive loss in the consolidated balance sheets. The credit-related losses were not material for the fiscal years ended January 31, 2025, 2024 and 2023, respectively.

The following fair value hierarchy is applied for disclosure of the inputs used to measure the fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the assets or liabilities, either directly or indirectly through market corroboration, for substantially the full term of the financial instruments.

Level 3—Unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value. The inputs require significant management judgment or estimation.

The Company measures the fair value of money market funds and fixed deposits using quoted prices in active markets for identical assets and classifies them within Level 1. The fair value of the Company's investments in other debt securities are obtained based on quoted prices for similar assets in active markets and are classified within Level 2.

The following tables present the fair value of the financial instruments measured on a recurring basis as of January 31, 2025 and 2024, respectively:

	As of January 31, 2025			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Money market funds	\$ 849	\$ 849	\$ —	\$ —
Fixed deposits	3,000	3,000	—	—
Commercial paper	—	—	—	—
Corporate bonds	55,126	—	55,126	—
Asset-backed securities	20,365	—	20,365	—
U.S. government securities	30,152	—	30,152	—
Total cash equivalents and marketable debt securities	<u>\$ 109,492</u>	<u>\$ 3,849</u>	<u>\$ 105,643</u>	<u>\$ —</u>

	As of January 31, 2024			
	Total	Level 1	Level 2	Level 3
	(in thousands)			
Money market funds	\$ 296	\$ 296	\$ —	\$ —
Fixed deposits	7,000	7,000	—	—
Commercial paper	30,806	—	30,806	—
Corporate bonds	38,912	—	38,912	—
Asset-backed securities	15,130	—	15,130	—
U.S. government securities	20,972	—	20,972	—
Total cash equivalents and marketable debt securities	<u>\$ 113,116</u>	<u>\$ 7,296</u>	<u>\$ 105,820</u>	<u>\$ —</u>

### 3. Inventories

Inventories at January 31, 2025 and 2024 consisted of the following:

	As of January 31,	
	2025	2024
	(in thousands)	
Work-in-progress	\$ 20,546	\$ 18,933
Finished goods	13,882	10,110
Total	<u>\$ 34,428</u>	<u>\$ 29,043</u>

### 4. Property and Equipment, net

Depreciation expense was approximately \$4.7 million, \$4.8 million and \$3.9 million for the fiscal years ended January 31, 2025, 2024 and 2023, respectively. Property and equipment at January 31, 2025 and 2024 consisted of the following:

	As of January 31,	
	2025	2024
	(in thousands)	
Computer hardware and software	\$ 25,730	\$ 23,518
Tools and equipment	8,625	8,564
Furniture and fixtures	1,376	1,351
Leasehold improvements	3,455	3,440
Construction in progress	307	166
	39,493	37,039
Less: accumulated depreciation and amortization	(30,409)	(26,600)
Total property and equipment, net	<u>\$ 9,084</u>	<u>\$ 10,439</u>

### 5. Intangible Assets, net

Intangible assets primarily consist of software licenses as well as developed technology, customer relationships and trade name that were acquired from business combinations.

The Company enters into certain software license agreements with third parties from time-to-time. The software licenses consist of noncancelable on-premise internal-use software and software with alternative use that is to be sold, leased or otherwise marketed as part of a product. The licenses have been capitalized as intangible assets and the corresponding future payments have been recorded as liabilities at net present value. As of January 31, 2025, software license liabilities of approximate \$7.0 million were recorded in accrued and other current liabilities and \$2.4 million were recorded in other long-term liabilities in the consolidated balance sheets.

The components of intangible assets as of January 31, 2025 and 2024 were as follows:

	As of January 31, 2025			As of January 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in thousands)					
Software licenses	\$ 45,051	\$ (18,755)	\$ 26,296	\$ 41,329	\$ (12,029)	\$ 29,300
Developed technology	21,200	(9,989)	11,211	21,200	(6,961)	14,239
Customer relationships	13,200	(4,767)	8,433	13,200	(3,300)	9,900
Trade name	2,500	(1,161)	1,339	2,500	(803)	1,697
Total intangible assets, net	<u>\$ 81,951</u>	<u>\$ (34,672)</u>	<u>\$ 47,279</u>	<u>\$ 78,229</u>	<u>\$ (23,093)</u>	<u>\$ 55,136</u>

During the twelve months ended January 31, 2025, there were approximately \$10.1 million of software licenses purchased and approximately \$6.4 million of software licenses expired. The amortization expense associated with software licenses was approximately \$12.7 million, \$11.5 million and \$7.5 million for the fiscal years ended January 31, 2025, 2024 and 2023, respectively. The amortization expense associated with acquisition-related intangible assets, including developed technology, customer relationship and trade name, was approximately \$4.9 million, \$4.9 million and \$4.9 million for the fiscal years ended January 31, 2025, 2024 and 2023, respectively. As of January 31, 2025, the Company has not commenced amortization with respect to approximately \$3.8 million of software licenses with alternative uses that are to be sold, leased or otherwise marketed as part of products. Once the associated products are available for general release to customers, the Company will commence amortization on a product-by-product basis over the remaining estimated economic life of the products. The expected future amortization expense related to these intangible assets as of January 31, 2025 is as follows:

Fiscal Year	As of January 31, 2025	
	(in thousands)	
2026	\$	15,895
2027		8,186
2028		6,879
2029		5,522
2030		3,129
Thereafter		7,668
Total future amortization expenses:	<u>\$</u>	<u>47,279</u>

Intangible assets are tested for impairment at least annually, in the fourth fiscal quarter, or more frequently if events or changes in circumstances indicate that the assets may be impaired. There were no intangible asset impairments for the fiscal years ended January 31, 2025, 2024 and 2023, respectively.

## 6. Goodwill

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets acquired in a business combination. The Company has one reporting segment and accordingly, there is no goodwill assignment based on reporting units (refer to Note 16). As of January 31, 2025 and 2024, the total carrying amount of goodwill was \$303.6 million, respectively. The Company does not amortize goodwill. In the fourth quarter of fiscal year 2025, 2024 and 2023, the Company performed annual goodwill tests and there were no goodwill impairments for the fiscal years ended January 31, 2025, 2024 and 2023, respectively.

## 7. Accrued and Other Current Liabilities

Accrued and other current liabilities at January 31, 2025 and 2024 consisted of the following:

	As of January 31,	
	2025	2024
	(in thousands)	
Accrued employee compensation	\$ 22,941	\$ 16,610
Accrued product development costs	32,929	18,290
Software license liabilities, current	7,021	8,161
Development deposit liability	13,500	—
Other accrued liabilities	4,390	5,537
Total accrued and other current liabilities	<u>\$ 80,781</u>	<u>\$ 48,598</u>

The timing of SoC development and invoicing from outside foundries usually results in the fluctuation of accrued product development costs. The accrued employee compensation primarily consists of accrued payroll and accrued employee benefits, as well as employee stock purchase plan withholding. For the accrued employee compensation as of January 31, 2024, approximately \$4.1 million of annual bonus was paid in fiscal year 2025, of which \$1.1 million was paid in cash and \$3.0 million was settled with fully vested restricted stock units. The \$13.5 million of development deposit liability as of January 31, 2025 represents a cash advance from a customer for funding a development project that is subject to certain refund conditions.

## 8. Leases

The lease obligations primarily consist of operating leases for the Company's headquarters and its foreign subsidiaries. During the twelve months ended January 31, 2025, the Company extended certain facility leases for its international offices with lease periods expiring between fiscal years 2027 and 2031. An aggregate of approximately \$3.6 million of additional operating lease ROU and corresponding lease liabilities were recorded in the consolidated balance sheets as a result of these lease extensions.

In December 2024, the Company entered into a new office lease for its headquarters in Santa Clara, California for 104 months beginning from September 1, 2025 to April 30, 2034. As of January 31, 2025, the lease has not commenced as the facility is not available to use. The corresponding ROU and lease liabilities will be recorded in the balance sheet upon lease commencement date. The total future undiscounted cash payments are approximately \$15.7 million and will be paid through the lease term.

For the fiscal years ended January 31, 2025, 2024 and 2023, the operating lease expense was approximately \$3.8 million, \$3.7 million and \$3.7 million, respectively. The Company's short-term leases and finance leases were immaterial as of January 31, 2025 and 2024, respectively.

Supplemental cash flow information related to the operating leases is as follows:

	Year Ended January 31,		
	2025	2024	2023
	(in thousands)		
Cash paid for operating leases included in operating cash flows	\$ 3,800	\$ 3,877	\$ 4,011
Operating lease assets changes arising from lease obtained and modifications	\$ 3,604	\$ 348	\$ 575

As of January 31, 2025, the weighted average remaining lease term is 2.2 years, and the weighted average discount rate is 3.45%. Future minimum lease payments for the lease liabilities are as follows:

Fiscal Year	As of January 31, 2025	
	(in thousands)	
2026	\$	2,916
2027		1,613
2028		815
2029		23
2030		23
Thereafter		18
Total future annual minimum lease payments		5,408
Less: interest		(143)
Total lease liabilities	\$	5,265

## 9. Deferred Revenue

Deferred revenue is primarily related to nonrecurring engineering charges that are either invoiced or paid but for which the related performance obligations are not yet satisfied, as well as, for product shipments, a portion of the transaction price that exceeds the weighted average selling price for products sold to date under tiered-pricing contracts that contain material rights. During the twelve months ended January 31, 2025 and 2024, the amount recognized as revenue that was included in deferred revenue balance at the end of prior fiscal year was approximately \$0.8 million and \$2.2 million, respectively.

As of January 31, 2025, the amount of remaining unsatisfied performance obligations on contracts, primarily consisting of NRE project service agreements and product purchase orders with original contract duration of more than one year, was approximately \$47.0 million, of which approximately 77% is expected to be recognized within the next 12 months. This does not include amounts which have an original expected contract duration of one year or less and variable considerations with constraints.

## 10. Other Long-Term Liabilities

Other long-term liabilities at January 31, 2025 and 2024 consisted of the following:

	As of January 31,	
	2025	2024
	(in thousands)	
Unrecognized tax benefits, including interest	\$ 1,008	\$ 3,762
Deferred tax liabilities	695	855
Software license liabilities, non-current	2,420	8,288
Other long-term liabilities	3	4
Total other long-term liabilities	\$ 4,126	\$ 12,909

During the twelve months ended January 31, 2025, there were approximately \$2.8 million of tax liabilities released due to lapse of related statutes of limitation and recognized as tax benefits in the consolidated statements of operations.

## 11. Capital Stock

### Preference shares

Since the Company's initial public offering, or IPO, a total of 20,000,000 preference shares, with a \$0.00045 par value per share, were authorized. There were no preference shares issued and outstanding as of January 31, 2025 and 2024, respectively.

### Ordinary shares

As of January 31, 2025 and 2024, the following ordinary shares were reserved for future issuance under the Company's equity plans and employee stock purchase plan:

	As of January 31,	
	2025	2024
Shares reserved for options, restricted stock and restricted stock units under equity plans	4,991,570	4,492,705
Shares reserved for employee stock purchase plan	3,636,591	2,834,384

### ***Shares repurchased***

There were no shares repurchased in fiscal years 2025, 2024 and 2023. On May 29, 2024, the Company's Board of Directors approved an extension of the existing share repurchase program for an additional twelve months through June 30, 2025. As of January 31, 2025, there was approximately \$49.0 million available for repurchases through June 30, 2025. Repurchases under the program may be made from time-to-time through open market purchases, 10b5-1 plans or privately negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. The repurchase program does not obligate the Company to acquire any particular amount of ordinary shares, and it may be suspended at any time at the company's discretion. Repurchases are funded using working capital and any repurchased shares will be recorded as authorized but unissued shares.

## **12. Employee Benefits and Stock-based Compensation**

### ***401(k) Plan***

The Company maintains a defined contribution 401(k) plan (the 401(k) Plan) for all of its eligible U.S. employees. Under the 401(k) Plan, eligible employees may contribute up to the Internal Revenue Service annual contribution limitation. The Company is responsible for administrative costs of the Plan. The Company's contribution expense for the fiscal years ended January 31, 2025, 2024, and 2023 was approximately \$0.7 million, \$0.8 million and \$0.8 million, respectively.

### ***Stock Option Plans***

***Amended and Restated 2021 Equity Incentive Plan.*** The Amended and Restated 2021 Equity Incentive Plan, or 2021 EIP, permits the grant of ISOs, within the meaning of Section 422 of the Code, to employees of the Company and any of the Company's subsidiary or parent corporations, and the grant of NSOs, stock appreciation rights, restricted stock, restricted stock units, and performance awards to employees, directors and consultants of the Company and any of the Company's subsidiary or parent corporations' employees and consultants. In the second quarter of fiscal year 2025, the Company's shareholders approved an increase of 1,750,000 shares to the ordinary shares reserved for issuance under the Amended and Restated 2021 EIP. Subject to adjustments upon changes in capitalization as provided under the 2021 EIP, the maximum aggregate number of ordinary shares that may be subject to awards and issued under the 2021 EIP will be equal to (a) 3,100,000 shares plus (i) any shares subject to awards granted under the Company's 2012 Equity Incentive Plan (the "Prior Plan") that, after the date the Prior Plan was terminated, are cancelled, expire or otherwise terminate without having been exercised in full or are forfeited to or repurchased by the Company due to failure to vest, and (ii) any shares that, as of immediately prior to the termination of the Prior Plan, were reserved but not issued pursuant to any awards granted under the Prior Plan and are not subject to any awards thereunder, with the maximum number of ordinary shares to be added to the 2021 EIP pursuant to clauses (i) and (ii) equal to 6,834,208 shares.

***Oculii Corp. 2017 Stock Option Plan.*** The Oculii Corp. 2017 Stock Option Plan, or 2017 Plan, was assumed as part of the acquisition of Oculii. No additional awards will be granted under the 2017 Plan. However, all outstanding stock options previously granted under the 2017 Plan will remain subject to the terms of the 2017 Plan and any outstanding stock options that are cancelled or forfeited due to failure to vest will immediately expire from the 2017 Plan.

Restricted stock and restricted stock units granted to new employees generally vest as to 1/4th of the shares on the first anniversary service date of the grant and 1/16th of the shares vest every 3 months thereafter, so as to be 100% vested on the fourth anniversary of the vesting commencement date.

Vesting schedules for other service condition or market condition awards vary and are subject to approval by the Board of Directors.

***Amended and Restated 2012 Employee Stock Purchase Plan.*** The Amended and Restated 2012 Employee Stock Purchase Plan, or ESPP, permits eligible participants to purchase ordinary shares at a discount through contributions up to 15% of their eligible compensation, subject to any IRS limitations. The ESPP provides each offering and purchasing period of six months in duration. The purchase price is 85% of the lower of the closing price of the Company's ordinary shares on the first trading day of each offering period or on the purchase date.

In fiscal year 2025, the Company added 994,543 shares, to the ordinary shares reserved for issuance, pursuant to an "evergreen" provision contained in the ESPP. Pursuant to such provision, on February 1st of each fiscal year, the number of ordinary shares reserved for issuance under the ESPP is automatically increased by a number equal to the lesser of (i) 1,500,000 ordinary shares, (ii) one and one quarter percent (1.25%) of the aggregate number of ordinary shares outstanding on such date, or (iii) an amount determined by the Company's Board of Directors or a duly authorized committee of the Board of Directors.

### ***Stock-based Compensation***

The following table presents the classification of stock-based compensation for the periods indicated:

	Year Ended January 31,		
	2025	2024	2023
	(in thousands)		
<b>Stock-based compensation:</b>			
Cost of revenue	\$ 3,270	\$ 3,341	\$ 3,597
Research and development	73,025	72,759	71,236
Selling, general and administrative	31,748	35,216	36,325
<b>Total stock-based compensation</b>	<b>\$ 108,043</b>	<b>\$ 111,316</b>	<b>\$ 111,158</b>

As of January 31, 2025 and 2024, approximately \$6.2 million and \$3.6 million of stock-based compensation expense, respectively, was accrued in accrued and other current liabilities in the consolidated balance sheets. Total unrecognized compensation cost related to unvested stock options at January 31, 2025 was \$1.6 million and is expected to be recognized over a weighted-average period of 0.34 years. Total unrecognized compensation cost related to unvested restricted stock units at January 31, 2025 was \$154.1 million and is expected to be recognized over a weighted-average period of 2.39 years.

There were no material stock modifications in fiscal year 2025. In fiscal years 2024 and 2023, the Company and its Compensation Committee of the Board of Directors approved the acceleration of vesting of certain unvested equity awards and one-time compensation settled through the issuance of restricted stock units associated with departure of certain executives. As a result, there were 24,559 and 35,703 shares of restricted stock units accelerated in fiscal years 2024 and 2023, respectively, and approximately \$1.6 million and \$1.7 million of additional stock-based compensation expense, net, recognized in the fiscal years ended January 31, 2024 and 2023, respectively.

The following table sets forth the weighted-average assumptions used to estimate the fair value of employee stock purchase plan awards for the periods indicated:

	Year Ended January 31,		
	2025	2024	2023
<b>Employee stock purchase plan awards:</b>			
Volatility	47%	56%	81%
Risk-free interest rate	4.97%	5.11%	2.32%
Expected term (years)	0.5	0.5	0.5
Dividend yield	0%	0%	0%

For ESPP shares, the expected term represents the term from the first day of the offering period to the purchase date. The Company calculates expected volatility based on its own historical stock price for a period commensurate with the expected term. The risk-free interest rate is derived from an average of the U.S. Treasury constant maturity rates for the respective periods most closely commensurate with the expected term. The expected dividend yield is zero because the Company has not historically paid dividends and has no present intention to pay dividends.

The following table summarizes stock option activities for the periods indicated:

	<b>Option Outstanding</b>				<b>Total Intrinsic Value of options Exercised (in thousands)</b>	<b>Weighted- Average Remaining Contractual Term (in years)</b>	<b>Aggregate Intrinsic Value (in thousands)</b>
	<b>Shares</b>	<b>Weighted- Average Exercise Price</b>	<b>Weighted- Average Grant-date Fair Value</b>	<b>Weighted- Average Acquisition- date Fair Value</b>			
Outstanding at January 31, 2022	619,322	\$ 40.08					
Exercised	(121,624)	30.34			\$ 6,712		
Forfeited	(10,618)	55.97					
Expired	(2,289)	39.19					
Outstanding at January 31, 2023	484,791	42.18					
Exercised	(104,931)	26.06			\$ 4,479		
Forfeited	(926)	42.59					
Expired	(5,616)	63.39					
Outstanding at January 31, 2024	373,318	46.39					
Exercised	(144,519)	36.90			\$ 3,128		
Forfeited	(71)	102.29					
Expired	(2,112)	70.63					
Outstanding at January 31, 2025	226,616	52.20				3.03	\$ 5,936
Exercisable at January 31, 2025	214,708	\$ 53.42				2.88	\$ 5,379

The intrinsic value of options outstanding and exercisable is calculated based on the difference between the fair market value of the Company's ordinary shares on the reporting date and the exercise price. The closing price of the Company's stock was \$76.72 on January 31, 2025, as reported by The Nasdaq Global Select Market. The intrinsic value of exercised options is calculated based on the difference between the fair market value of the Company's stock on the exercise date and the exercise price.

The following table summarizes restricted stock unit activities for the periods indicated:

	<b>Shares</b>	<b>Weighted- Average Grant-Date Fair Value</b>
Unvested at January 31, 2022	2,651,135	\$ 85.41
Granted	1,549,174	74.45
Vested	(1,513,972)	71.32
Forfeited	(112,978)	99.46
Unvested at January 31, 2023	2,573,359	86.81
Granted	1,305,401	70.32
Vested	(1,220,608)	78.62
Forfeited	(225,512)	81.79
Unvested at January 31, 2024	2,432,640	82.54
Granted	1,478,425	62.40
Vested	(1,106,546)	76.43
Forfeited	(159,140)	115.67
Unvested at January 31, 2025	2,645,379	\$ 71.84

Total fair value of restricted stock units vested as of the respective vesting dates for the fiscal years ended January 31, 2025, 2024 and 2023 was approximately \$64.0 million, \$88.0 million, and \$122.0 million, respectively. As of January 31, 2025, the aggregate intrinsic value of unvested restricted stock units was \$203.0 million.

### 13. Net Loss Per Ordinary Share

The following table sets forth the computation of basic and diluted net loss per ordinary share for the periods indicated:

	Year Ended January 31,		
	2025	2024	2023
	(in thousands, except share and per share data)		
<b>Numerator:</b>			
Net loss	\$ (117,126)	\$ (169,417)	\$ (65,386)
<b>Denominator:</b>			
Weighted-average ordinary shares - basic	41,303,287	39,878,872	38,363,638
Weighted-average ordinary shares - diluted	41,303,287	39,878,872	38,363,638
Net loss per ordinary share:			
Basic	\$ (2.84)	\$ (4.25)	\$ (1.70)
Diluted	\$ (2.84)	\$ (4.25)	\$ (1.70)

The following weighted-average potentially dilutive securities were excluded from the computation of diluted net loss per ordinary share as their effect would have been antidilutive:

	Year Ended January 31,		
	2025	2024	2023
Options to purchase ordinary shares	177,340	234,088	336,828
Restricted stock units	1,737,389	1,549,026	1,550,679
Employee stock purchase plan	14,735	10,483	10,883
	1,929,464	1,793,597	1,898,390

### 14. Income Taxes

Loss before income taxes consisted of the following for the periods indicated:

	Year Ended January 31,		
	2025	2024	2023
	(in thousands)		
U.S. operations	\$ (35,572)	\$ (33,953)	\$ (18,968)
Non-U.S. operations	(82,156)	(114,577)	(51,970)
<b>Loss before income taxes</b>	<b>\$ (117,728)</b>	<b>\$ (148,530)</b>	<b>\$ (70,938)</b>

Income tax provision (benefit) consisted of the following for the periods indicated:

	Year Ended January 31,		
	2025	2024	2023
	(in thousands)		
<b>Current:</b>			
U.S. federal tax	\$ (2,650)	\$ 303	\$ (3,525)
U.S. state taxes	4	1	175
Non-U.S. foreign taxes	2,395	1,711	2,395
	(251)	2,015	(955)
<b>Deferred:</b>			
U.S. federal tax	—	18,909	(4,231)
U.S. state taxes	—	—	—
Non-U.S. foreign taxes	(351)	(37)	(366)
	(351)	18,872	(4,597)
<b>Provision (benefit) for income taxes</b>	<b>\$ (602)</b>	<b>\$ 20,887</b>	<b>\$ (5,552)</b>

The Company consists of a Cayman Islands parent company with various foreign and U.S. subsidiaries. Effective December 31, 2019, the Company has structured its activities to comply with the International Tax Co-Operation (Economic Substance) Law, 2018 in the Cayman Islands. As part of the new structure, the Company is the general partner of a Canadian limited partnership, the ultimate beneficial owner, and is allocated all of the earnings of the partnership. The primary jurisdiction where our foreign earnings are derived is the Cayman Islands, where the Company is domiciled. Under the current laws of the Cayman Islands, the Company is not subject to tax on its income. For purposes of the reconciliation between the provision (benefit) for income taxes at the statutory rate and the effective tax rate, a notional U.S. 21% rate is applied to pretax income (loss) as a result of the following for the periods indicated, respectively:

	Year Ended January 31,		
	2025	2024	2023
	(in thousands)		
Provision at U.S. notional statutory rate	\$ (24,723)	\$ (31,191)	\$ (14,897)
U.S. state taxes	2	6	114
Non-U.S. foreign tax differential	19,293	25,736	12,943
Stock-based compensation	6,985	4,847	10,004
U.S. R&D credit	(5,109)	(7,232)	(5,045)
Valuation allowance	5,022	28,311	2,124
FIN48 interest	12	45	(739)
Uncertain tax position release	(2,766)	—	(10,188)
Other	682	365	132
<b>Provision (benefit) for income taxes</b>	<b>\$ (602)</b>	<b>\$ 20,887</b>	<b>\$ (5,552)</b>

Temporary differences that gave rise to significant portions of the Company's deferred tax assets and liabilities at January 31, 2025 and 2024 were as follows:

	As of January 31,	
	2025	2024
	(in thousands)	
<b>Deferred tax assets:</b>		
Federal and state credits	\$ 59,102	\$ 51,344
Net operating losses	6,333	6,099
Expenses not currently deductible	3,822	3,988
Operating lease liabilities	611	1,009
Stock-based compensation	2,877	3,820
Other deferred tax assets	496	220
<b>Gross deferred tax assets</b>	<b>73,241</b>	<b>66,480</b>
<b>Valuation allowance</b>	<b>(68,047)</b>	<b>(60,036)</b>
<b>Total deferred tax assets</b>	<b>\$ 5,194</b>	<b>\$ 6,444</b>
<b>Deferred tax liabilities</b>		
Intangible assets	(4,379)	(5,722)
Property and equipment	(450)	(460)
Operating lease assets	(839)	(918)
<b>Net deferred tax assets (liabilities)</b>	<b>\$ (474)</b>	<b>\$ (656)</b>

Tax valuation allowance for the periods indicated below were as follows:

	Balance at Beginning of Period	Additions Charged to Expenses	Additions Charged to Other Account	Deductions Charged to Expenses or Other Accounts	Balance at End of Period
	(in thousands)				
<b>Tax Valuation Allowance</b>					
Year ended January 31, 2025	\$ 60,036	8,011	—	—	\$ 68,047
Year ended January 31, 2024	\$ 28,596	31,440	—	—	\$ 60,036
Year ended January 31, 2023	\$ 24,083	4,513	—	—	\$ 28,596

The Company conducts its business in several countries and regions and is subject to taxation in those jurisdictions. The Company is incorporated in the Cayman Islands with foreign subsidiaries in the U.S., China, Taiwan, Italy and other foreign countries and regions. As such, the Company's worldwide operating income is subject to varying tax rates and its effective tax rate is highly dependent upon the geographic distribution of its earnings or losses and the tax laws and regulations in each geographical region. Consequently, the Company has experienced lower effective tax rates as a substantial amount of its operations are conducted in lower-tax jurisdictions. If the Company's operational structure was to change in such a manner that would increase the amount of operating income subject to taxation in higher-tax jurisdictions, or if the Company was to commence operations in jurisdictions assessing relatively higher tax rates, its effective tax rate could fluctuate significantly on a quarterly basis and/or be adversely affected. Dividend distributions received from the Company's U.S. subsidiary and certain other foreign subsidiaries may be subject to local country withholding taxes when, and if, distributed. Deferred tax liabilities have not been recorded on unremitted earnings of certain subsidiaries because management's intent is to indefinitely reinvest any undistributed earnings in those subsidiaries. If dividend distributions from those subsidiaries were to occur, the liability as of January 31, 2025 would be approximately \$8.0 million. Cumulative undistributed earnings of foreign subsidiaries for which no deferred taxes have been provided were approximately \$93.5 million at January 31, 2025.

As of January 31, 2025, and 2024, the Company had net deferred tax liabilities after valuation allowance of \$0.5 million and \$0.7 million, respectively. The Company continued to evaluate the need for a valuation allowance by considering among other things, the nature, frequency and severity of current losses, reversal of taxable temporary differences, tax planning strategies, future projections in the U.S. and the duration of statutory carryforward periods. Based on the current projections of the Company's future taxable income, and overall evaluation of other related evidence, management believes that it is not more likely than not that the deferred tax assets will be realized, and therefore, valuation allowance remains necessary.

The Company has Federal and California net operating losses of \$29.8 million and \$1.0 million, respectively, as of January 31, 2025. The Federal net operating loss can be carried forward indefinitely, if not utilized. The California net operating loss begin to expire in fiscal year 2040, if not utilized. For financial statement purposes these carry forwards are offset by uncertain tax positions.

The Company also has Federal and California state research and development credit carryforwards of approximately \$28.8 million and \$38.5 million, respectively, as of January 31, 2025. The Federal credits begin to expire in the fiscal year 2036. The California credits can be carried forward indefinitely.

Utilization of the net operating loss and research credit carryforwards may be subject to an annual limitation due to the ownership percentage change limitations as defined by the U.S. Internal Revenue Code Section 382, as amended, and similar state provisions as well as separate return year limitation which limits the utilization of loss generated before a company joins the consolidated filing group. The annual limitations may result in the expiration of the U.S. Federal and state net operating loss (NOL) and research credit carryforwards before utilization. The Company has a full valuation allowance against all U.S. deferred tax assets due to lack of more likely than not future utilization of these deferred tax assets.

The Company applies the provisions of FASB's guidance on accounting for uncertainty in income taxes. As of January 31, 2025, the Company had approximately \$20.5 million in unrecognized tax benefits, \$1.0 million of which would affect the Company's effective tax rate if recognized. The remainder of the unrecognized tax benefits would not affect the effective tax rate due to the full valuation recorded for U.S. deferred tax assets. The following table sets forth a reconciliation of the beginning and ending amount of unrecognized tax benefits:

	Year Ended January 31,		
	2025	2024 (in thousands)	2023
<b>Beginning balance:</b>	\$ 22,628	\$ 21,656	\$ 30,884
Additions based on tax positions related to the current year	2,123	997	1,033
Additions for tax positions of prior years	—	168	195
Reductions for tax positions in prior years	—	(38)	(45)
Settlements for prior periods	—	—	—
Lapse of applicable statute of limitations	(4,255)	(155)	(10,411)
<b>Ending balance:</b>	<u>\$ 20,496</u>	<u>\$ 22,628</u>	<u>\$ 21,656</u>

The Company classified \$0.9 million and \$3.1 million of income tax liabilities as other long-term liabilities as of January 31, 2025, and 2024, respectively, because payment of cash or settlement is not anticipated within one year from the balance sheet date.

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. The Company recorded a benefit of \$0.5 million, an expense of \$0.05 million and a benefit of \$0.7 million for interest and penalties related to uncertain tax positions for the fiscal years ended January 31, 2025, 2024 and 2023, respectively. The Company recorded noncurrent liabilities of \$0.1 million and \$0.7 million related to interest and penalties for uncertain tax positions at January 31, 2025 and 2024, respectively.

The primary jurisdiction where our foreign earnings are derived is the Cayman Islands, where the Company is domiciled. The Company files income tax returns in the U.S. federal jurisdiction as well as many U.S. state and foreign jurisdictions. As of January 31, 2025, the Company's fiscal year 2022 through 2025 tax years are generally open and subject to potential examination by U.S. federal tax authorities. The Company's fiscal year 2021 through 2025 tax years are generally open and subject to potential examination by state tax authorities. The Company's fiscal years 2018 to 2025 remain open to examination by foreign tax authorities. Fiscal years outside of the normal statute of limitations remain open to audit by tax authorities due to tax attributes generated in those earlier years, which have been carried forward and may be audited in subsequent years when utilized.

The Company regularly assesses the likelihood of adverse outcomes resulting from potential tax examinations to determine the adequacy of its provision for income taxes. These assessments can require considerable estimates and judgments. During the fiscal year ended January 31, 2025, the gross amount of unrecognized tax benefits decreased by approximately \$2.1 million to \$20.5 million. The decrease was primarily due to 2025 accrual for our uncertain tax positions related to research credits offset by various tax exposures where the statute of limitation has lapsed. If the estimates of income tax liabilities prove to be less than the ultimate assessment, then a further charge to expense and balance sheet tax footnote disclosure could be required. If events occur, and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities could result in tax benefits being recognized in the period in which the Company determines the liabilities are no longer necessary. At this time the Company is not able to reasonably estimate the amount of tax reserve that will reverse within the next 12 months.

As of January 31, 2025, the Company's long-term income taxes payable, including estimated interest and penalties, was approximately \$1.0 million. The Company was unable to make a reasonably reliable estimate of the timing of payments in individual years due to uncertainties in the timing of tax audits, if any, or their outcomes.

## **15. Commitments and Contingencies**

### ***Contract Manufacturer Commitments***

The Company's components and products are procured and built by independent contract manufacturers based on sales forecasts. These forecasts include estimates of future demand, historical trends, analysis of sales and marketing activities, and adjustment of overall market conditions. The Company regularly issues purchase orders to independent contract manufacturers which are cancelable upon agreement between the Company and third-party manufacturers. These manufacturing purchase commitments typically provide the Company with flexibility to cancel, reschedule or adjust requirements based upon business needs but the Company may incur certain costs depending on the production stage of the products. As of January 31, 2025 and 2024, total manufacturing purchase commitments were approximately \$56.4 million and \$30.7 million, respectively. The Company also reviews and assesses the need for any expected loss liabilities on quarterly basis for all products that it does not expect to sell for which it has committed purchases from suppliers. There were no material loss liabilities recorded in the consolidated balance sheets from adverse purchase commitments as of January 31, 2025 and 2024, respectively.

### ***Other Commitments***

During fiscal year 2025, the Company entered into a noncancellable service contract with a third-party for its IT infrastructure service. As of January 31, 2025, the total commitment for the service was approximately \$8.0 million. The Company also entered into a new office lease for its headquarters in Santa Clara, California for 104 months beginning from September 1, 2025 to April 30, 2034. The total future undiscounted cash payments for the lease are approximately \$15.7 million.

### ***Indemnification***

The Company, from time to time, in the normal course of business, indemnifies certain vendors with whom it enters into contractual relationships. The Company has agreed to hold the other party harmless against third-party claims in connection with the Company's future products. The Company also indemnifies certain customers against third-party claims related to certain intellectual property and product liability matters. It is not possible to determine the maximum potential amount of liability under these indemnification obligations due to the limited history of prior indemnification claims and the unique facts and circumstances that are likely to be involved in each particular claim. The Company has not made payments under these obligations as of January 31, 2025, and no liabilities have been recorded for these obligations in the consolidated balance sheets as of January 31, 2025 and 2024, respectively.

### **Other Matters**

From time to time, the Company is subject to commercial disputes, employment issues, intellectual property claims and litigation, in the ordinary course of its business. Although the ultimate disposition of asserted claims cannot be predicted with certainty, it is the Company's belief that the outcome of any such claims, either individually or on a combined basis, will not have a material adverse effect on its consolidated financial position. The results of any litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources, and other factors. As of January 31, 2025 and 2024, there were no accruals for contingent liabilities related to such matters recorded in the consolidated balance sheets.

### **16. Segment Reporting**

The Company operates as a single operating and reportable segment and derives substantially all of its revenue from development and sales of low-power AI-based processing and video and image processing SoC solutions. In determination of a reportable segment, the Company considers the research and development deployed, the nature of production process, the distribution channels of SoCs, as well as the Company's management structure. The Chief Executive Officer of the Company has been identified as the Chief Operating Decision Maker (the CODM) and manages the Company's operations as a whole. The CODM uses net loss presented on a consolidated basis to evaluate the financial performance and allocate resources. The CODM also monitors budget versus actual results of the operating segment. The measure of reportable segment assets is reported within the consolidated balance sheets as total assets. The accounting policies for the measurement of net loss and total assets of the reportable segment have been described in the Note 1, *Organization and Summary of Significant Accounting Policies*.

### **Geographic Revenue**

The following table sets forth the Company's revenue by geographic region based on bill-to location for the periods indicated.

	Year Ended January 31,		
	2025	2024	2023
	(in thousands)		
Taiwan	\$ 179,324	\$ 119,601	\$ 191,692
Asia Pacific other than Taiwan	61,663	58,506	73,476
Europe	22,778	11,949	26,921
North America other than United States	18,074	25,754	32,901
United States	3,026	10,664	12,616
Total revenue	<u>\$ 284,865</u>	<u>\$ 226,474</u>	<u>\$ 337,606</u>

Substantially all of the Company's property and equipment were located in the Taiwan, United States, Europe and Asia Pacific region other than Taiwan. As of January 31, 2025, the net amount of these fixed assets located in these regions was approximately \$4.0 million, \$3.7 million, \$1.1 million and \$0.3 million, respectively. As of January 31, 2024, the net amount of these fixed assets located in these regions was approximately \$4.9 million, \$3.9 million, \$1.2 million and \$0.4 million, respectively.

### **Additional Segment Information**

The following table presents the significant segment expenses included in the consolidated net loss for the periods indicated:

	Year Ended January 31,		
	2025	2024 (in thousands)	2023
<b>Total revenue</b>	\$ 284,865	\$ 226,474	\$ 337,606
<b>Less cost and expense:</b>			
Product cost	106,237	83,221	122,046
Employee-related	115,188	110,601	109,444
Stock-based compensation	108,043	111,316	111,158
Chip development NRE	28,049	24,680	19,684
Tools & equipment	26,089	23,202	21,559
Professional services	14,359	13,012	13,692
Facilities-related	10,765	10,983	10,329
Other segment items <sup>(a)</sup>	1,988	26,713	(2,817)
Interest income	(8,727)	(7,837)	(2,103)
<b>Net loss</b>	<u>\$ (117,126)</u>	<u>\$ (169,417)</u>	<u>\$ (65,386)</u>

(a) The other segment items include amortization of intangible assets acquired from business combinations, non-operating (income) expenses, income tax provision (benefit) and other immaterial items.

### Major Customers

The customer representing 10% or more of revenue for the fiscal year ended January 31, 2025 was WT, which accounted for approximately 63% of total revenue. The customers representing 10% or more of revenue for the fiscal years ended January 31, 2024 and 2023 were WT and Chicony. For the fiscal years ended January 31, 2024 and 2023, WT accounted for approximately 53% and 57% of total revenue, respectively. For the fiscal years ended January 31, 2024 and 2023, Chicony accounted for approximately 14% and 12% of total revenue, respectively. Accounts receivable with WT was approximately \$12.3 million as of January 31, 2025. Accounts receivable with WT and Chicony were approximately \$10.3 million and \$7.0 million as of January 31, 2024, respectively.

## ITEM 16. FORM 10-K SUMMARY

None.

## EXHIBITS INDEX

Exhibit Number	Description
3.2(1)	<a href="#">Amended and Restated Memorandum of Association and Second Amended and Restated Articles of Association of Ambarella, Inc.</a>
4.1(2)	<a href="#">Description of Share Capital of Ambarella, Inc.</a>
10.2.1(3)*	<a href="#">Amended and Restated 2012 Equity Incentive Plan</a>
10.2.2(1)*	<a href="#">Form of Stock Option Agreement under 2012 Equity Incentive Plan</a>
10.2.3(1)*	<a href="#">Form of Restricted Stock Agreement under 2012 Equity Incentive Plan</a>
10.2.4(1)*	<a href="#">Form of Restricted Stock Unit Agreement under 2012 Equity Incentive Plan</a>
10.2.5(3)*	<a href="#">Form of Performance-Based Restricted Stock Unit Agreement under 2012 Equity Incentive Plan</a>
10.1(4)*	<a href="#">Amended and Restated 2012 Employee Stock Purchase Plan</a>
10.1(5)*	<a href="#">Ambarella, Inc. Amended and Restated 2021 Equity Incentive Plan</a>
4.1.2(6)*	<a href="#">Form of Stock Option Agreement under 2021 Equity Incentive Plan</a>
4.1.3(6)*	<a href="#">Form of Restricted Stock Unit Agreement under 2021 Equity Incentive Plan</a>
4.1.1(7)*	<a href="#">Oculii Corp. 2017 Stock Option Plan</a>
4.1.2(7)*	<a href="#">Form of Stock Option Agreement under Oculii Corp. 2017 Stock Option Plan</a>

10.4(1)*	<a href="#">Form of Indemnification Agreement</a>
10.6.1(8)*	<a href="#">Form of Change of Control and Severance Agreement, entered into by Ambarella, Inc. with the Chief Executive Officer, Chief Financial Officer and Chief Technology Officer</a>
10.3(9)*	<a href="#">Form of Amended and Restated Change of Control and Severance Agreement, entered into by Ambarella, Inc. with executive officers other than the Chief Executive Officer, Chief Financial Officer and Chief Technology Officer</a>
10.8.1(10)	<a href="#">Sales Representative Agreement dated January 31, 2011 by and between Ambarella, Inc. and WT Microelectronics Co., Ltd.</a>
10.8.2(10)	<a href="#">Amendment No. 1 to Sales Representative Agreement dated February 1, 2012 by and between Ambarella, Inc. and WT Microelectronics Co., Ltd.</a>
10.8.3(11)	<a href="#">Amendment No. 2 to Sales Representative Agreement dated October 1, 2012 by and between Ambarella, Inc. and WT Microelectronics Co., Ltd.</a>
10.2(4)	<a href="#">Amendment to the Sales Representative Agreement dated August 1, 2015 by and between Ambarella, Inc. and WT Microelectronics Co., Ltd.</a>
10.1(12)	<a href="#">Amendment to the Sales Representative Agreement dated June 1, 2019 by and between Ambarella, Inc. and WT Microelectronics Co., Ltd.</a>
10.2(13)	<a href="#">Amendment No. 6 to Sales Representative Agreement dated May 1, 2021 by and between Ambarella, Inc. and WT Microelectronics Co., Ltd.</a>
10.1(14)	<a href="#">Amendment No. 7 to Sales Representative Agreement dated March 15, 2023 by and between Ambarella, Inc. and WT Microelectronics Co., Ltd.</a>
10.1(15)	<a href="#">Standard Lease between Ambarella Corporation and The Realty Associates Fund XI Portfolio, L.P., dated as of August 8, 2019</a>
10.2(16)*	<a href="#">Employment letter entered into by Ambarella Corp. with John Young dated October 17, 2023</a>
10.11(17)*	<a href="#">Description of Executive Bonus Plan for Fiscal Year 2025</a>
10.12	<a href="#">Lease Agreement between Ambarella Corporation and The Quad Santa Clara, LLC dated December 20, 2024</a>
19.1	<a href="#">Insider Trading Policy</a>
21.1(18)	<a href="#">List of subsidiaries of Ambarella, Inc.</a>
23.1	<a href="#">Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm</a>
24.1	<a href="#">Power of Attorney (included in signature page)</a>
31.1	<a href="#">Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended</a>
31.2	<a href="#">Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended</a>
32.1±	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350</a>
97.1(18)	<a href="#">Compensation Recovery Policy</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Schema Linkbase Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document

- (1) Incorporated by reference to the Form S-1/A (No. 333-174838) filed on September 13, 2012..
- (2) Incorporated by reference to the Form 10-K filed on March 27, 2020.
- (3) Incorporated by reference to the Form 10-K filed on March 30, 2017.
- (4) Incorporated by reference to the Form 10-Q filed on September 8, 2015.
- (5) Incorporated by reference to Form 8-K filed on June 17, 2024.
- (6) Incorporated by reference to the Form S-8 (No. 333-261244) filed on November 19, 2021.
- (7) Incorporated by reference to the Form S-8 (No. 333-261243) filed on November 19, 2021.
- (8) Incorporated by reference to the Form S-1 (No. 333-174838) filed on June 10, 2011.
- (9) Incorporated by reference to the Form 10-Q filed on September 7, 2018.
- (10) Incorporated by reference to the Form S-1/A (No. 333-174838) filed on September 26, 2012.
- (11) Incorporated by reference to the Form S-1/A (No. 333-174838) filed on October 5, 2012.
- (12) Incorporated by reference to the Form 10-Q filed on September 6, 2019.
- (13) Incorporated by reference to the Form 10-Q filed on September 8, 2021.
- (14) Incorporated by reference to the Form 10-Q filed on June 6, 2023.
- (15) Incorporated by reference to the Form 10-Q filed on December 6, 2019.
- (16) Incorporated by reference to the Form 10-Q filed on December 8, 2023.
- (17) Incorporated by reference to the Form 8-K filed on February 28, 2024.
- (18) Incorporated by reference to the Form 10-K filed on March 29, 2024.

\* Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.

± In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 hereto are deemed to accompany this Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

## 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, on March 28, 2025.

### AMBARELLA, INC.

By: /s/ John A. Young  
John A. Young, Chief Financial Officer

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Feng-Ming Wang and John A. Young as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign, and file with the Securities and Exchange Commission any and all amendments to this Annual Report on Form 10-K, together with all schedules and exhibits thereto, (ii) act on, sign, and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, and (iii) take any and all actions that may be necessary or appropriate to be done, as fully for all intents and purposes as he or she might or could do in person, hereby approving, ratifying and confirming all that such agent, proxy and attorney-in-fact or any of his or her substitutes may lawfully do or cause to be done by virtue thereof.

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 March 28, 2025.

<u>Signature</u>	<u>Title</u>
<u>/s/ Feng-Ming Wang</u> Feng-Ming Wang	President, Chief Executive Officer, Executive Chairman and Director (Principal Executive Officer)
<u>/s/ John A. Young</u> John A. Young	Chief Financial Officer (Principal Financial and Accounting Officer)
<u>/s/ Leslie D. Kohn</u> Leslie D. Kohn	Chief Technical Officer and Director
<u>/s/ Chenming C. Hu</u> Chenming C. Hu	Director
<u>/s/ Christopher B. Paisley</u> Christopher B. Paisley	Director
<u>/s/ D. Jeffrey Richardson</u> D. Jeffrey Richardson	Director
<u>/s/ Hsiao-Wuen Hon</u> Hsiao-Wuen Hon	Director
<u>/s/ Elizabeth M. Schwarting</u> Elizabeth M. Schwarting	Director
<u>/s/ Anne De Greef-Safft</u> Anne De Greef-Safft	Director
<u>/s/ Chantell Breithaupt</u> Chantell Breithaupt	Director

**OFFICE LEASE**

**THE QUAD @ TASMAN**

**THE QUAD SANTA CLARA, LLC,**

a Delaware limited liability company,

as Landlord,

and

**AMBARELLA CORPORATION,**

a Delaware corporation,

as Tenant.

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I	FORM OF SIGHT DRAFT

**THE QUAD @ TASMAN**

**OFFICE LEASE**

This Office Lease (the “**Lease**”), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the “**Summary**”), below, is made by and between THE QUAD SANTA CLARA, LLC, a Delaware limited liability company (“**Landlord**”), and AMBARELLA CORPORATION, a Delaware corporation (“**Tenant**”).

**SUMMARY OF BASIC LEASE INFORMATION**

TERMS OF LEASE	DESCRIPTION
1. Date:	December 20, 2024
2. Premises ( <u>Article 1</u> ).	
2.1 Building:	That certain building located at 3001 Tasman Drive, Santa Clara, California. The Building is known as “Building 7” in the Project.
2.2 Premises:	Approximately fifty-seven thousand eight hundred seventy-one (57,871) rentable square feet of space located in the Building situated at 3001 Tasman Drive, as further set forth in <b>Exhibit A</b> to the Office Lease. The Premises constitutes the entire rentable square footage of space within the Building.
3. Lease Term ( <u>Article 2</u> ).	
3.1 Length of Term:	One hundred four (104) months after the Lease Commencement Date.
3.2 Lease Commencement Date:	The earlier of (i) the later of (x) the date two (2) weeks following the date Landlord delivers possession of the Premises to Tenant with the Tenant Improvement Work therein to be performed by Landlord pursuant to the Tenant Work Letter “Substantially Completed” (as defined in the Tenant Work Letter) therein and otherwise in the condition required in <u>Section 1.1.1</u> of this Lease, including with all Existing Furniture and Furnishings installed as

required under Section 1.1.1.2 or (y) September 1, 2025 or (ii) the date Tenant commences business operations in the Premises. For purposes of this Lease, the term “**Delivery Date**” shall mean the date that Landlord delivers possession of the Premises to Tenant with the Tenant Improvement Work therein to be performed by Landlord pursuant to the Tenant Work Letter “Substantially Completed” (as defined in the Tenant Work Letter) therein and otherwise in the condition required in Section 1.1.1 of this Lease, including with all Existing Furniture and Furnishings installed as required under Section 1.1.1.2.

3.3 Lease Expiration Date:

If the Lease Commencement Date shall be the first day of a calendar month, then the day immediately preceding the expiration of the one hundred fourth (104th) full calendar month following the Lease Commencement Date; or, if the Lease Commencement Date shall be other than the first day of a calendar month, then the last day of the month in which the one hundred fourth (104th) full calendar month of the Lease Commencement Date occurs.

4. Base Rent (Article 3):

Period During <u>Lease Term</u>	Monthly Installment of Base Rent	Approximate Monthly Rental Rate per Rentable <u>Square Foot (NNN)*</u>
Lease Month 1 — 12**	\$144,677.50*	\$2.50*
Lease Month 13 — 24	\$149,017.83	\$2.58
Lease Month 25 — 36	\$153,488.36	\$2.65

Lease Month 37 — 48	\$158,093.01	\$2.73
Lease Month 49 — 60	\$162,835.80	\$2.81
Lease Month 61 — 72	\$167,720.87	\$2.90
Lease Month 73 — 84	\$172,752.50	\$2.99
Lease Month 85 — 96	\$177,935.08	\$3.07
Lease Month 97 — 104	\$183,273.13	\$3.17

“**Lease Month 1**” shall commence on the Lease Commencement Date and end on the last day of the first full calendar month thereafter, and each subsequent Lease Month shall be the calendar month commencing on the day after the expiration of the prior Lease Month.

\*Landlord hereby agrees that Tenant shall be entitled to an abatement of Base Rent in Lease Months 1 through 8 (inclusive) (the “**Abatement Period**”), in the amount of One Hundred Forty-Four Thousand Six Hundred Seventy-Seven and 50/100 Dollars (\$144,677.50) per Lease Month, for a total amount of Base Rent abated pursuant to this Section 4 that shall in no event exceed or be less than the aggregate of One Million One Hundred Fifty-Seven Thousand Four Hundred Twenty and 00/100 Dollars (\$1,157,420.00). Landlord and Tenant acknowledge that Tenant’s right (the “**Abatement Right**”) to receive Base Rent abatement during the Abatement Period has been granted to Tenant as additional consideration for Tenant’s agreement to enter into this Lease and comply with the terms and conditions otherwise required under this Lease.

- |  |   |
|--|---|
| 5. Tenant’s Share of the Project<br>( <u>Article 4</u> ):  | Approximately 14.10%.   |
| 6. Tenant’s Share of the Building<br>( <u>Article 4</u> ): | 100%.   |
| 7. Permitted Use<br>( <u>Article 5</u> ):                  | General office, administrative use and research and development consistent with a first-class office building (including a hardware lab) and consistent with Applicable Laws. |
| 8. Security Deposit<br>( <u>Article 21</u> ):              | \$434,032.50, subject to reduction as provided in Article 21.   |
| 9. Tenant Permitted Parking<br>( <u>Article 28</u> ):      | 3.4 unassigned parking spaces for every 1,000 rentable square feet of the Premises (as of the Lease   |

Date, 197 spaces), subject to the terms of Article 28 of the Lease. In addition to the 197 unassigned parking space referred to above, Tenant and its visitors will have exclusive right to use five (5) visitor parking spaces near the entry of the Premises, subject to the terms of Article 28 of the Lease.

10. Address of Tenant  
(Section 29.18):

Ambarella Corporation  
3101 Jay Street, #110  
Santa Clara, CA 95054  
Attention: General Counsel  
Email: legal-notices@ambarella.com

11. Address of Landlord  
(Section 29.18):

See Section 29.18 of the Lease.

12. Broker(s)  
(Section 29.24):

Representing Landlord:  
Cushman & Wakefield U.S., Inc.

Representing Tenant:  
Newmark

13. Guarantor:

N/A

## ARTICLE 1

### PREMISES, BUILDING, PROJECT, AND COMMON AREAS

#### 1.1 Premises, Building, Project and Common Areas.

1.1.1 **The Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the “Premises”). The outline or floor plans of the Premises is set forth in Exhibit A attached hereto. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of Exhibit A is to show the approximate location of the Premises in the “Building,” as that term is defined in Section 1.1.2, below, only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the “Common Areas,” as that term is defined in Section 1.1.3, below, or the elements thereof or of the access ways to the Premises or the “Project,” as that term is defined in Section 1.1.2, below. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant’s business, except as specifically set forth in this Lease and the Tenant Work Letter. Except as specifically set forth in this Lease and in the Tenant Work Letter attached hereto as Exhibit B (the “Tenant Work Letter”), Tenant agrees to accept the Premises in their “as is” condition, without any representations or warranties by Landlord, and with no obligation of Landlord to make any alterations or improvements to the Premises or to provide any tenant improvement allowance. Landlord shall cause the work to be performed by Landlord as described in the Tenant Work Letter to be “Substantially Completed” (as defined in the Tenant Work Letter) prior to delivery of possession of the Premises to Tenant. Notwithstanding anything in this Lease to the contrary, Landlord shall deliver the Premises upon Substantial Completion of the Tenant Improvements in good, vacant, broom clean condition, with the Building, Common Areas and building systems and subsystems serving the Premises (including the roof, air conditioner, generator, lighting, electrical, plumbing, water and gas) in good operating condition, and with the Tenant Improvements to be constructed by Landlord pursuant to the Tenant Work Letter in compliance with all Applicable Laws.

1.1.1.1 **Building Systems and Roof Warranty.** Anything herein to the contrary notwithstanding, Landlord hereby warrants the Building systems and subsystems, including plumbing, electrical, mechanical, fire protection and heating, ventilaton and air conditioning systems (but not any supplemental HVAC unit(s) or system installed by Tenant or any of its agents, employees or contractors) serving the Building and the roof against defects for a period of twelve (12) months following the Lease Commencement Date. Such warranty shall not be applicable to any defects in or to such systems or roof to the extent caused by (i) the negligence, willful misconduct or other misuse by Tenant or any of its agents, employees, contractors, subcontractors, licensees, invitees, vendors, sublessees or other representatives, or (ii) any alterations, additions or improvements constructed or installed in, on or about the Premises or Building by Tenant or any of its agents, employees or contractors. If any non-compliance with such warranty set forth in this paragraph exists as of the Delivery Date or within the 12-month period referred to in this Section 1.1.1.1 above, as the case may be, then Landlord shall promptly after receipt of written notice from Tenant setting forth the nature of such non-compliance, cure or remedy the same at Landlord’s sole cost. If Tenant does not give Landlord written notice of such non-compliance with this warranty within the 12-month period referred to above, then such warranty shall be deemed to have expired and shall be of no further force or effect. Tenant shall also be the beneficiary of all vendor warranties, if any, received by

Landlord with respect to the Premises, including the mechanical serving the Premises and roof of the Building.

1.1.1.2 **Furnishing of Premises.** Prior to the Delivery Date, Landlord agrees to furnish, or cause to be furnished, at Landlord's sole cost, the lobby, new breakroom (including new dishwasher, garbage disposal and refrigerator), offices, conference rooms, collaboration centers and other areas in the Premises designated by Tenant utilizing the furniture and furnishings identified by Tenant prior to March 15, 2025, that existed in the Project or in the Premises on the execution of this Lease (and which Landlord shall cause to be placed in the area of the Premises designated by Tenant, to the extent not now located in such area of the Premises) prior to the Delivery Date. Such furniture and furnishings identified by Tenant prior to March 15, 2025, that are to be placed, or caused to be placed, in the Premises (to the extent not now located in the Premises) by Landlord prior to the Delivery Date is collectively, referred to herein as the "**Existing Furniture and Furnishings**". During the Lease Term, as it may be extended, Tenant shall have the right to use, free of any additional charge, the Existing Furniture and Furnishings. During the Lease Term, as it may be extended, Tenant may use the Existing Furniture and Furnishings for the purposes for which they were intended and Tenant, at its sole cost, shall maintain such Existing Furniture and Furnishings in the same condition and repair as exists as of the Delivery Date, ordinary wear and tear and damage from casualty excepted. As of the Delivery Date, Tenant shall accept the Existing Furniture and Furnishings in its "as is" condition as of the date of this Lease and without faults, and without any representations or warranties concerning the title or condition of the Existing Furniture and Furnishings, except that Landlord owns the Existing Furniture and Furnishings free of any liens. At the expiration or earlier termination of the Lease Term, Tenant shall surrender the Existing Furniture and Furnishings to Landlord in the same condition as exists on the Delivery Date, ordinary wear and tear and damage from casualty excepted. Tenant shall have no obligation to replace any of the Existing Furniture and Furnishings unless Tenant or any of its agents, employees, contractors or other representatives materially damages or destroys the same. Notwithstanding the Tenant's right to use the Existing Furniture and Furnishings as provided above, such Existing Furniture and Furnishings shall remain the property of Landlord. Tenant acknowledges and agrees that Landlord shall have no obligation to maintain, repair or insure the Existing Furniture and Furnishings. Prior to the Delivery Date, Landlord shall, at its sole cost, remove all furniture, fixtures and equipment from the Premises other than the Existing Furniture and Furnishings.

1.1.1.3 **Workstations Allowance.** Tenant shall be entitled to a one-time allowance in an amount equal to Six Hundred Fifty Thousand and 00/100 Dollars (\$650,000.00) (the "**Workstations Allowance**") for the costs of purchasing office workstations, cabling, soft seating, chairs, reception furniture and other furniture, and fixtures to be placed and used in the Premises by Tenant (the "**Workstations**") and for the set-up, installation, cabling and electrification of such Workstations. In no event shall Landlord be obligated to make disbursements pursuant to this Lease for costs related to the Workstations which exceed the sum of the Workstations Allowance. Tenant shall be responsible for all costs of purchasing, set-up, installation, cabling and electrification of the Workstations to the extent such costs exceed the Workstations Allowance. Following Tenant's purchase of such Workstations and completion of the set-up, installation in the Premises, cabling and electrification of such Workstations, Tenant shall submit to Landlord an invoice(s) evidencing the total costs incurred by Tenant in connection with the purchase, set-up, installation, cabling and electrification of such Workstations. Within fifteen (15) days following receipt of such invoice(s), Landlord shall disburse to Tenant from the Workstations Allowance the amounts shown in the invoices presented to Landlord evidencing the total costs incurred by Tenant in connection with the purchase, set-up, installation, cabling and electrification of such Workstations (but in no event shall Landlord be obligated to disburse to Tenant an amount in excess of the Workstations Allowance). To the extent the total costs disbursed to Tenant in connection with the purchase, set-up, installation, cabling and electrification of such Workstations is less than the Workstations Allowance, the undisbursed portion of the Workstations Allowance may be used by Tenant to pay for the cost of other furniture, furnishings and equipment to be used by Tenant in connection with Tenant's use of the Premises

and shall be disbursed by Landlord to Tenant based on paid invoices received by Landlord from Tenant for such other furniture, furnishings and equipment.

1.1.2 **The Building and The Project.** The Premises are a part of the Building set forth in Section 2.1 of the Summary (the "**Building**"). The Building is part of a seven (7) building office project known as "**The Quad @ Tasman.**" The term "Project," as used in this Lease, shall mean (i) the Building and the Common Areas, (ii) the land (which is improved with landscaping, subterranean parking facilities and other improvements) upon which the Building and the Common Areas are located, (iii) the other buildings located in the Project and the land upon which such other buildings are located, and (iv) at Landlord's discretion, any additional real property, areas, land, buildings or other improvements added thereto outside of but adjacent to that serve the Project and do not result in an Adverse Event (defined below). Each of the Building and the other buildings now or hereafter included in the Project are sometimes referred to herein as a "**Project Building**".

1.1.3 **Common Areas.** Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project and designated by Landlord as such (such areas are collectively referred to herein as the "**Common Areas**"). The manner in which the Common Areas are maintained and operated shall be at the sole but reasonable discretion of Landlord, provided that Landlord shall maintain and operate the same in a manner consistent with that of other Class A, mid-rise office buildings in the downtown areas of Santa Clara, California, which buildings are comparable in quality of appearance, services, and amenities (the "**Comparable Buildings**") and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may make from time to time that do not unreasonably interfere with Tenant's use of or access to the Premises or Common Areas or Tenant's parking rights or materially increase Tenant's obligations or materially decrease Tenant's rights (each an "**Adverse Event**"). Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas, provided that Tenant shall have a reasonable alternative means to access the Premises for the Permitted Use and all of Tenant's parking rights and so long as the same do not result in any Adverse Event. Notwithstanding anything to the contrary herein, (i) the Common Areas shall include throughout the Lease Term (unless otherwise limited, precluded, suspended or diminished by any Applicable Laws) the Fitness Center and outdoor collaboration areas and conference pods that are comparable in size and utility to those existing on the date of this Lease and (ii) neither Tenant nor Tenant's personnel shall be charged any additional fee (other than Tenant's Share of Direct Expenses) to use any Common Areas.

1.2 **Rentable Square Feet of Premises.** For purposes of this Lease, "rentable square feet" of the Premises shall be deemed as set forth in Section 2.2 of the Summary and shall not be subject to remeasurement or modification.

## ARTICLE 2

### LEASE TERM

2.1 **General.** The terms and provisions of this Lease shall be effective as of the date of this Lease. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 3.1 of the Summary, shall commence on the date set forth in Section 3.2 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date set forth in Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated or extended as hereinafter provided. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) month period during the Lease Term; provided, however, that the first Lease Year shall commence on the Lease Commencement Date and end on the last day of the twelfth full calendar month thereafter and the second and each succeeding Lease

Year shall commence on the first day of the next calendar month; and further provided that the last Lease Year shall end on the Lease Expiration Date (unless this Lease is sooner terminated or extended). At any time during the Lease Term, Landlord may deliver to Tenant a notice in the form as set forth in Exhibit C, attached hereto (the “**Notice of Lease Term Dates**”), as a confirmation of the information set forth therein, which Tenant shall execute and return to Landlord within ten (10) business days of receipt thereof, and thereafter the dates set forth on such notice shall be conclusive and binding upon Tenant. Failure of Tenant to execute and deliver the Notice of Lease Term Dates (or provide comments thereto) within ten (10) business days of receipt thereof shall constitute an acknowledgment by Tenant that the statements included in such notice are true and correct, without exception. This Lease shall be a binding contractual obligation effective upon execution and delivery hereof by Landlord and Tenant, notwithstanding the later commencement of the Term.

2.1.1 **Abated Rent if Lease Delivery Date is Later than September 1, 2025.** If the Delivery Date has not occurred by September 1, 2025, as such September 1, 2025 date shall be extended one (1) day for each day (i) that Substantial Completion of the work to be performed by Landlord pursuant to the Tenant Work Letter is delayed due to an event(s) of Force Majeure (as defined in Section 29.16 below) (however, for purposes of this Section 2.1.1, in no event shall such days of Force Majeure delays be greater than sixty (60) days) and/or any Tenant Delay (as defined in the Tenant Work Letter), without double-counting and/or (ii) from and after December 20, 2024 that this Lease has not been fully signed and delivered by Landlord and Tenant (the “**Outside Delivery Date**”), then, commencing on the first day of the ninth (9<sup>th</sup>) full month of the initial Lease Term, Tenant shall be granted one (1) day of abated Base Rent and one day of abated Tenant’s Share of the annual Building Direct Expenses for each day that that the Delivery Date is delayed beyond the Outside Delivery Date. In addition, if the Delivery Date has not occurred by February 28, 2026, as such date shall be extended by one (1) day for each day that Substantial Completion of the work to be performed by Landlord pursuant to the Tenant Work Letter is delayed due to an event of Force Majeure (but not greater than sixty (60) days of Force Majeure delays) and/or Tenant Delay, without double-counting, then Tenant may also terminate this Lease by delivering written notice thereof to Landlord.

## 2.2 **Renewal Option.**

2.2.1 **Extension Option.** Landlord hereby grants to the Tenant originally named in this Lease and any Permitted Assignee thereof (as defined in Section 14.8 below) (inclusive of such Permitted Assignee, the “**Original Tenant**”), one (1) option to extend (each an “**Extension Option**”) the Lease Term for a period of five (5) years (the “**Option Term**”), which option shall be exercisable only by written notice delivered by Tenant to Landlord as provided below, provided that the following conditions (the “**Option Conditions**”) are satisfied: (i) as of the date of delivery of the “Option Rent Notice”, as that term is defined in Section 2.2.3 below and as of the date of delivery of the “Option Exercise Notice,” as that term is defined in Section 2.3.3, below: (A) this Lease remains in full force and effect, (ii) Tenant is not in material default under this Lease after the expiration of applicable notice and cure periods and no material Event of Default has occurred under this Lease during the immediately preceding twelve (12) months, (C) Original Tenant has not assigned the Lease other than to a Permitted Assignee and (D) no more than fifty percent (50%) of the Premises is then subleased other than to a Permitted Transferee. Landlord may, at Landlord’s option, exercised in Landlord’s sole and absolute discretion, waive any of the Option Conditions in which case the option, if otherwise properly exercised by Tenant, shall remain in full force and effect. Upon the proper exercise of the Extension Option, and provided that Tenant satisfies all of the Option Conditions (except those, if any, which are waived by Landlord), the Lease Term, as it applies to the Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.3 shall be personal to Original Tenant and any Permitted Assignee, and may be exercised only by Original Tenant or any Permitted Assignee (and not by any assignee, sublessee or other “Transferee,” as that term is defined in Section 14.1, below, of Tenant’s interest in this Lease).

2.2.2 **Option Rent.** The rent payable by Tenant during the Option Term (the “**Option Rent**”) shall be equal to one hundred percent (100%) of the Fair Market Value (as hereinafter defined) of the Premises. “**Fair Market Value**” shall mean the fixed rent component (or “**Base Rent**”) (and one hundred percent (100%) of the additional rent component) of the rent (including any additional rent and considering any “triple net” applicable thereto or “base year” or “expense stop” applicable thereto), on an annual per rentable square foot basis, including all escalations, at which tenants, as of the commencement of the applicable Option Term, are leasing non-sublease, non-encumbered, non-equity space comparable in size, location and quality to the Premises for a term comparable to the applicable Option Term, in an arm’s length transaction consummated during the twelve (12) month period prior to the date on which Landlord delivers to Tenant the “Option Rent Notice,” as this term is defined below, which comparable space is located in the Comparable Buildings (“**Comparable Transactions**”), taking into consideration concessions offered in such Comparable Transactions (“**Concessions**”), and that the same Concessions are not being provided to Tenant, including, but not limited to: (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space, and (b) tenant improvements or allowances provided or to be provided for such comparable space, taking into account the then existing improvements in the Premises (but excluding the value of any improvements made at Tenant’s sole expense), such value to be based upon the age, quality and layout of the improvements; provided, however, that notwithstanding anything to the contrary herein, no consideration shall be given to the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant’s exercise of its right to lease the Premises during the applicable Option Term or the fact that the Comparable Transactions do or do not involve the payment of real estate brokerage commissions; and provided further that, to the extent not included in Fair Market Value, Tenant shall pay Tenant’s Share of Building Direct Expenses (which includes Tenant’s Share of Project Direct Expenses that are included in Building Direct Expenses per Section 4.3.1) during the applicable Option Term in accordance with Article 4 below.

2.2.3 **Exercise of Option.** The Extension Option contained in this Section 2.3 shall be exercised by Tenant, if at all, only in the following manner: (i) Tenant shall deliver irrevocable written notice (the “**Option Exercise Notice**”) to Landlord not more than fifteen (15) months nor less than twelve (12) months prior to the date the initial Term of the Lease would expire; (ii) Landlord, within thirty (30) days after receipt of Tenant’s Option Exercise Notice, shall deliver notice (the “**Option Rent Notice**”), to Tenant setting forth the Option Rent; and (iii) Tenant, within ten (10) business days after Tenant’s receipt of the Option Rent Notice, shall send written notice to Landlord either (A) confirming Tenant’s agreement with the proposed Option Rent contained in the Option Rent Notice, or (B) objecting to the Option Rent contained in the Option Rent Notice. If Tenant timely objects to the Option Rent Notice or fails to timely respond to the Option Rent Notice, then the parties shall follow the procedure, and the Option Rent shall be determined, as set forth in Section 2.2.4 below.

2.2.4 **Determination of Option Rent.** In the event Tenant timely and appropriately objects to the Option Rent, Landlord and Tenant shall attempt to agree upon the Option Rent using their good-faith efforts to do so. If Landlord and Tenant fail to reach agreement within ten (10) business days following Tenant’s objection to the Option Rent (the “**Outside Agreement Date**”), then each party shall make a separate determination of the Option Rent within ten (10) business days, and such determinations shall be submitted to arbitration in accordance with Sections 2.2.4.1 through 2.2.4.7 below.

2.2.4.1 Landlord and Tenant shall each appoint one arbitrator who shall by profession be a commercial real estate agent or broker or a real estate appraiser who shall be a member of the appraisal institute and in each case have been active over the five (5) year period ending on the date of such appointment in the appraisal or leasing of Comparable Buildings. The determination of the arbitrators shall be limited solely to the issue of whether Landlord’s or Tenant’s submitted Option Rent is the closest to the actual Option Rent and related terms and conditions including concessions as determined by the

arbitrators, taking into account the requirements of Section 2.2.2 of this Lease. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date.

2.2.4.2 The two arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two arbitrators, provided that the third arbitrator shall not be then representing or have represented in the preceding three (3) year period Landlord or Tenant or their affiliates. Landlord and Tenant each shall pay the arbitrator it selects and the cost of the third arbitrator shall be borne equally by Landlord and Tenant.

2.2.4.3 The three arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Option Rent and stated terms and conditions and shall notify Landlord and Tenant thereof.

2.2.4.4 The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

2.2.4.5 If either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) days after the Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

2.2.4.6 If the two (2) arbitrators fail to agree upon and appoint a third arbitrator, or if both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted to binding, final, non-appealable arbitration before a JAMS arbitrator mutually agreed upon by Landlord and Tenant. If Landlord and Tenant cannot agree on the arbitrator, the parties will so inform JAMS, who will then be authorized to select a JAMS judge to arbitrate the matter. Each party shall have the right of discovery pursuant to the California Code of Civil Procedure and evidentiary hearings shall be governed by the California Evidence Code, but subject to the instruction set forth in this Section 2.2.3. The cost of the JAMS arbitrator and JAMS arbitration, if applicable, shall be paid by Landlord and Tenant equally.

2.3 **Early Access.** Tenant and its authorized agents, contractors, subcontractors and employees shall be granted an exclusive license (subject to Landlord and its agents, employees, contractors and subcontractors right to enter upon the Premises to complete construction of the work to be performed by Landlord pursuant to the Tenant Work Letter) by Landlord to enter upon the Premises, at Tenant's sole risk and expense, at least four (4) weeks prior to the Lease Commencement Date to install furniture, fixtures and equipment, including Tenant's AV and data cabling and security system, if applicable (collectively, the "**Tenant's FF&E Work**") and conduct business therein (subject to subpart (ii) of Section 3.2 of the Summary of Basic Lease Information); provided, however, that (a) the provisions of this Lease, other than with respect to the payment of Base Rent or payment of Building Direct Expenses (as defined below), shall apply during such early entry, including, but not limited to, the provisions of Article 10 relating to Tenant's indemnification of Landlord, (b) prior to any such entry, Tenant shall pay for and provide evidence of the insurance to be provided by Tenant pursuant to the provisions of Article 10, (c) Tenant shall pay all separately metered utility, service and maintenance charges for the Premises attributable to Tenant's early entry and use of the Premises as reasonably determined and documented by Landlord, and (d) prior to such entry, Tenant shall have delivered to Landlord an executed original of this Lease and payment in an amount equal to: (i) Base Rent and Tenant's Share of estimated Building Direct Expenses for the first (1st) month of the Lease Term in which such amounts are due, plus (ii) the Security Deposit. Tenant shall also have early access on the above terms (except the obligation to pay utilities) for Tenant's FF&E Work while Landlord completes the Tenant Improvements provided such access does not

materially interfere with or delay Landlord's work (and if Landlord's work is so materially interfered with or delayed, then Tenant shall suspend or cease such Tenant's FFE Work until Tenant can perform, or cause to be performed the same, without material interference with or delay of Landlord's Work.

### **ARTICLE 3**

#### **BASE RENT**

Tenant shall pay, without prior notice or demand, offset or deduction, unless expressly stipulated otherwise herein, to Landlord or Landlord's agent at the management office of the Project, or, at Landlord's option, at such other place as Landlord may from time to time reasonably designate in writing, by a check, ACH or wire transfer for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever. The Base Rent for the first full month of the Lease Term which occurs after the expiration of any Abatement Period (as defined in the Summary) shall be paid by Tenant to Landlord at the time of Tenant's execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

### **ARTICLE 4**

#### **ADDITIONAL RENT**

4.1 **General Terms.** Commencing on the Lease Commencement Date and continuing throughout the Term, as it may be extended, in addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay "Tenant's Share" of the annual "Building Direct Expenses," as those terms are defined in Sections 4.2.9 and 4.2.2 of this Lease, respectively. Landlord currently anticipates that Building Direct Expenses (excluding utilities and janitorial which shall be paid directly by Tenant) for 2025 will be approximately \$0.92 per rentable square foot per month of the Premises. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, are hereinafter collectively referred to as the "**Additional Rent**", and the Base Rent and the Additional Rent are herein collectively referred to as "**Rent**." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent (except that there shall be no abatement or conditional abatement of Additional Rent as is provided in the Summary with respect to Base Rent, if applicable). The Tenant's Share of the estimated, annual Building Direct Expenses payable for the first month of the initial Lease Term shall be paid by Tenant to Landlord at the time of Tenant's execution of this Lease. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term, subject to the limitations set forth in Section 4.4.3 below.

4.2 **Definitions of Key Terms Relating to Additional Rent.** As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 Intentionally Omitted.

4.2.2 “**Building Direct Expenses**” shall mean “Building Operating Expenses” and “Building Tax Expenses”, as those terms are defined in Sections 4.2.3 and 4.2.4 below, respectively.

4.2.3 “**Building Operating Expenses**” shall mean the portion of “Operating Expenses,” as that term is defined in Section 4.2.7 below, allocated to the tenants of the Building pursuant to the terms of Section 4.3.1 below.

4.2.4 “**Building Tax Expenses**” shall mean that portion of “Tax Expenses”, as that term is defined in Section 4.2.8 below, allocated to the tenants of the Building pursuant to the terms of Section 4.3.1 below.

4.2.5 “**Direct Expenses**” shall mean “Operating Expenses” and “Tax Expenses.”

4.2.6 “**Expense Year**” shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant’s Share of Building Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

4.2.7 “**Operating Expenses**” shall mean all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration, preservation or operation of the Project (including each of the Project Buildings), or any portion thereof. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying all utilities, the cost of operating, repairing, maintaining, and renovating the utility, telephone, mechanical, sanitary, storm drainage, plumbing, electrical and elevator systems, and the cost of maintenance and service contracts in connection therewith, to the extent such utilities, maintenance and service contracts, are furnished, or caused to be furnished, to the Premises, or applicable part thereof, by or on behalf of Landlord; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with a governmentally mandated transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord in connection with the Project as reasonably determined by Landlord (and the deductible portion of the insured loss under Landlord’s insurance to the extent permitted under subpart (u) below, but in no event shall the Tenant’s Share of such deductibles exceed One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) per casualty); (iv) the cost of landscaping, relamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) the cost of parking area and parking facility operation, repair, resurfacing, restoration, and maintenance; (vi) fees and other costs, including, without limitation, consulting fees, legal fees and accounting fees, of all contractors and consultants incurred by Landlord in connection with the operation, maintenance and repair of the Project; (vii) payments under any equipment rental agreements; (viii) subject to item (f) below, wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; (ix) payments under any easement, license, shared use agreement, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Project, including, without limitation, any covenants, conditions and restrictions affecting the property, and reciprocal easement agreements affecting the Project, any parking licenses, and any agreements with transit agencies affecting the Project (collectively, “**Underlying Documents**”); (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Project; (xi) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization (including interest on the unamortized cost) over the useful life as Landlord shall reasonably

determine, in accordance with generally accepted accounting practices, of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xiii) the cost of capital improvements, capital replacements or other costs incurred in connection with the Project (A) which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, or reduce current or future Operating Expenses during the Lease Term, (B) that are required to comply with present or future legally required conservation programs, (C) which are replacements or modifications of nonstructural items located in the Common Areas required to keep the Common Areas in good order or condition, (D) that are required under any governmental law, ordinance, rule or regulation, (E) which are replacements of capital improvements or building service equipment or any building systems existing as of the Date of this Lease when required because of normal wear and tear, (F) which are replacement of the roof membrane, (G) which are resurfacing or replacing any parking areas, (H) which are repainting the exterior of the Building or (I) that relate to the safety or security of the Project, its occupants and visitors, and are deemed advisable in the reasonable judgment of Landlord; provided, however, that any capital expenditure shall be amortized over its useful life (with interest thereon at the lesser of (i) the annual rate of interest charged on the loan obtained by Landlord to finance such capital improvement or replacement (or if Landlord does not obtain a loan to finance such capital improvement or replacement, then at the prime rate of Bank of America, NT&SA plus two percent (2%)), or (ii) the maximum rate permitted by law) as Landlord shall reasonably determine (and Landlord may only include the annual amortized amount (with interest thereon as provided above) as Operating Expenses for the particular Expense Year), in accordance with generally accepted accounting practices; (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "Tax Expenses" as that term is defined in Section 4.2.8 below; (xv) costs and expenses incurred by Landlord to police or secure the parking areas of the Project, including, without limitation, the installation of gates, barriers, security controls and other equipment, security guards and patrol, to the extent that Landlord elects in its discretion to provide such service, for special events at the stadium currently known as "Levi's Stadium" or related to events held at such stadium where Landlord may make parking available at the Project for people attending and/or working at such special events at such stadium (less any income received by Landlord therefor) and/or where Landlord is attempting to restrict use of the Project parking facility by attendees or workers at such special events shall be included as part of Operating Expenses; it being agreed by Landlord that during events held at Levi's Stadium, Tenant and its employees will have access to the Project through at least one entry point, will have access to the Building and will have its parking rights under this Lease; (xvi) any fees, costs and expenses relating to operating, managing, owning, repairing, and maintaining the Fitness Center, or other amenities at the Project; (xvii) costs of maintaining, repairing or replacing Building Systems to the extent undertaken by or on behalf of Landlord; (xviii) costs of maintaining, installing, repairing or replacing lighting fixtures, directional or other signs and signals, irrigation or drainage systems, trees and shrubs, and maintaining all landscaped areas; (xix) salaries, wages and other compensation, expenses and benefits payable to on-site property management personnel; (xx) the fair market rental value of any onsite property management office; (xxi) reasonable consultant fees incurred in connection with the performance of any energy audit required to be performed, or caused to be performed, by Landlord; and (xxii) costs of operating, maintaining and repairing the coffee pavilion situated with the Project.

In addition to Tenant being obligated to pay Tenant's Share of Building Direct Expenses, Tenant shall pay to Landlord a property management fee, as Additional Rent, on the first day of each month during the Lease Term (other than periods in which Base Rent is abated other than the Abatement Period referred to in Section 4 of the Summary), in an amount equal to two and one-half percent (2.5%) of the monthly Base Rent and Tenant's Share of Building Direct Expenses payable by Tenant to Landlord under this Lease.

Notwithstanding the foregoing, for purposes of this Lease, Operating Expenses shall not, however, include:

(a) costs, including marketing costs, legal fees, space planners' fees, advertising and promotional expenses, and brokerage fees incurred in connection with the original construction or development, or original or future leasing of the Project, and costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for other tenants occupying space in the Project or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Project (excluding, however, such costs relating to any common areas of the Project or parking facilities);

(b) except as set forth in items (xii) and (xiii) above, depreciation, interest and principal payments on mortgages and other debt costs, if any, penalties and interest, costs of capital repairs and capital alterations, and costs of capital expenditures and equipment;

(c) costs for which the Landlord is reimbursed or entitled to reimbursement by any tenant or occupant of the Project or by insurance by its carrier or any tenant's carrier or by anyone else, and electric power costs for which any tenant directly contracts with the local public service company;

(d) any bad debt loss, rent loss, or other reserves;

(e) costs associated with the operation of the business of the limited liability company, partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Project (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Project). Costs associated with the operation of the business of the limited liability company, partnership or entity which constitutes the Landlord include costs of partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Project, and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants;

(f) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating and managing the Project; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Project manager;

(g) amount paid as ground rental, if any, for the Project by the Landlord;

(h) except for the 2.5% property management fee referred to immediately before the Operating Expense exclusions above, any payments made to the Landlord or to subsidiaries or affiliates of the Landlord for services in the Project to the extent the same exceeds the costs of such services rendered by qualified, unaffiliated third parties on a competitive basis;

(i) any compensation paid to clerks, attendants or other persons in commercial concessions operated by the Landlord, provided that any compensation paid to any concierge at the Project shall be includable as an Operating Expense;

(j) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment which if purchased the cost of which would be excluded

from Operating Expenses as a capital cost, except equipment not affixed to the Project which is used in providing janitorial or similar services and, further excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition in the Project;

(k) all items and services for which Tenant or any other tenant in the Project reimburses Landlord (other than reimbursement or payment to Landlord of Tenant's Share of Direct Expenses or any other tenant's reimbursement or payment to Landlord of such tenant's share of Direct Expenses) or pays for directly or which Landlord provides selectively to one or more tenants (other than Tenant);

(l) fines, penalties and interest incurred by Landlord for late payment by Landlord;

(m) any costs expressly excluded from Operating Expenses elsewhere in this Lease;

(n) rent for any office space occupied by Project management personnel to the extent the size or rental rate of such office space exceeds the size or fair market rental value of office space occupied by management personnel of the Comparable Buildings in the vicinity of the Building, with equitable adjustment where appropriate for the size of the applicable project;

(o) costs arising from the negligence or willful misconduct of Landlord or its agents, employees, vendors, contractors, or providers of materials or services;

(p) costs relating to the presence of hazardous material (as defined under applicable law) in the Building or on the Project, except to the extent caused by the release or emission thereof by Tenant or any of its agents, employees, affiliates, officers directors, partners, members, managers, contractors, subcontractors, consultants, licensees, sublessees or other representatives, in which event Tenant shall pay 100% of the costs of investigating, cleaning up remediating and/or monitoring of such hazardous materials;

(q) costs arising from Landlord's charitable or political contributions;

(r) any gifts provided to any entity whatsoever, including, but not limited to, Tenant, other tenants, employees, vendors, contractors, prospective tenants and agents;

(s) the cost of any magazine, newspaper, trade or other subscriptions;

(t) any fee, profit or compensation for management of the Project in excess of the 2.5% property management fee referenced above;

(u) costs occasioned by casualties (excepting therefrom the deductible portion of insured loss under Landlord's insurance, but in no event shall the Tenant's Share of such deductibles included as an Operating Expense exceed One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) per casualty) or condemnation;

(v) costs to correct any construction defect in the Project or to correct or cure any violation (existing as of the date Landlord delivers early occupancy of the Premises to Tenant) of any covenant, condition, restriction, underwriter's requirement or Applicable Law applicable to the Project;

- (w) costs of structural repairs or to construct new Common Areas or new amenities;
- (x) insurance costs for coverage not customarily maintained by landlords of Comparable Buildings (but costs of all risk property insurance, rental loss insurance, commercial general liability insurance, auto liability insurance and flood and earthquake insurance to the extent maintained by Landlord shall be included in Operating Expenses); and
- (y) costs that could be properly capitalized under generally accepted accounting principles, except as set forth in Sections 4.2.4(xii) or (xiii), above.

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not at least ninety-five percent (95%) occupied during all or a portion of any Expense Year, Landlord shall make an appropriate adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been ninety-five percent (95%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year; provided, however, there shall be no gross up of costs as to which Tenant pays 100%.

#### 4.2.8 **Taxes.**

4.2.8.1 “**Tax Expenses**” shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof. For avoidance of doubt, Tax Expenses shall not include federal and state income taxes, and other taxes to the extent applicable to Landlord’s net income (as opposed to rents, receipts or income attributable to operations of the Project).

4.2.8.2 Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election (“**Proposition 13**”) and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental or private assessments or the Project’s contribution towards

a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies; (iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; (iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises; (v) All of the real estate taxes and assessments imposed upon or with respect to the Building and all of the real estate taxes and assessments imposed on or with respect to the land and other improvements of the Project; and (v) All real estate taxes and assessments arising from a sale or change in ownership of the Building and/or Project and/or from new construction.

4.2.8.3 Any costs and expenses (including, without limitation, reasonable attorneys' and consultants' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are incurred. Tax refunds shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Additional Rent under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord upon demand Tenant's Share of any such increased Tax Expenses included by Landlord as Building Tax Expenses pursuant to the terms of this Lease. Notwithstanding anything to the contrary contained in this Section 4.2.8 (except as set forth in Section 4.2.8.1, above), there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, transfer taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, (iii) any items paid by Tenant under Section 4.5 of this Lease, (iv) taxes imposed on land and improvements other than the Project, and (v) assessments in excess of the amount that would be payable if such assessment were paid in installments over the longest permitted term.

4.2.9 "**Tenant's Share**" shall mean the percentage set forth in Section 5 of the Summary (with respect to Direct Expenses allocable to the Project generally) and the percentage set forth in Section 6 of the Summary (with respect to Direct Expenses allocable to the Building (and Premises)). In the event that rentable square footage is either added to or removed from the Premises and/or the Building, Tenant's Share shall be appropriately adjusted, and, as to the Expense Year in which such change occurs, Tenant's Share for such Expense Year shall be determined on the basis of the number of days during such Expense Year that each such Tenant's Share was in effect.

#### 4.3 **Allocation of Direct Expenses.**

4.3.1 **Method of Allocation.** The parties acknowledge that the Building is a part of a multi-building project and that the costs and expenses incurred in connection with the Project (i.e., the Direct Expenses) should be shared between the tenants of the Building and the tenants of the other buildings in the Project. Accordingly, as set forth in Section 4.2 above, Direct Expenses (which consists of Operating Expenses and Tax Expenses) are determined annually for the Project as a whole, and a portion of the Direct Expenses, which portion shall be determined by Landlord on an equitable basis, shall be allocated to the tenant(s) of the Building (as opposed to the tenants of any other buildings in the Project) and such portion shall be the Building Direct Expenses for purposes of this Lease. Such portion of Building Direct Expenses allocated to Tenant shall include all Direct Expenses attributable solely to the Building and an equitable portion of the Direct Expenses attributable to the Project as a whole but shall not include Direct Expenses

attributable solely to other Buildings. Operating Expenses that relate solely to a specific Project Building and not to any other Project Building (including without limitation, separately metered electrical costs and repair and maintenance costs of any Project Building), shall be entirely allocated to such specific Project Building and not any other Project Buildings. If Landlord incurs Operating Expenses for Tenant's Building together with one or more other Project Buildings or if Landlord incurs Operating Expenses for the Project as a whole and not to any specific Project Building, such share amounts shall be equitably prorated and apportioned between the Building and such other Project Building. If Landlord incurs Operating Expenses for Tenant's Building together with one or more other Project Buildings or if Landlord incurs Operating Expenses for the Project as a whole and not to any specific Project Building, such share amounts shall be equitably prorated and apportioned between the Building and such other Project Building or among all Project Building, as applicable, in Landlord's reasonable discretion. The preceding notwithstanding, any increases in Taxes arising from any specialized improvements (as opposed to general utility office improvements) made in or to any Project Building shall be allocable solely to the Project Building in or to which such specialized improvements are undertaken.

4.3.2 **Cost Pools.** Subject to Section 4.3.1 above, Landlord shall have the right, from time to time, to equitably allocate some or all of the Direct Expenses for the Project among different portions or occupants of the Project (the "**Cost Pools**"), in Landlord's reasonable discretion. Such Cost Pools may include, but shall not be limited to, the office space tenants of a building of the Project or of the Project, and the retail space tenants of a building of the Project or of the Project. The Direct Expenses within each such Cost Pool shall be allocated and charged to the tenants within such Cost Pool in an equitable manner.

4.4 **Calculation and Payment of Additional Rent.** Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1 below, and as Additional Rent, an amount equal to Tenant's Share of Building Direct Expenses for each Expense Year.

4.4.1 **Statement of Actual Building Direct Expenses and Payment by Tenant.** Landlord shall give to Tenant within one hundred twenty (120) days following the end of each Expense Year, a statement (the "**Statement**") which shall state the Building Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of Tenant's Share of Building Direct Expenses. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, Tenant shall pay, with its next installment of Base Rent due at least thirty (30) days later, the full amount of Tenant's Share of Building Direct Expenses for such Expense Year, less the amounts, if any, paid during such Expense Year as "Estimated Building Direct Expenses," as that term is defined in Section 4.4.2 below, and if Tenant paid more as Estimated Building Direct Expenses than the actual Tenant's Share of Building Direct Expenses (an "**Excess**"), Tenant shall receive a credit in the amount of such Excess against Rent next due under this Lease. Subject to the terms of Section 4.4.3 below, the failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Building Direct Expenses for the Expense Year in which this Lease terminates, if Tenant's Share of Building Direct Expenses is greater than the amount of Estimated Building Direct Expenses previously paid by Tenant to landlord, then Tenant shall, within thirty (30) days after receipt of the Statement, pay to Landlord such amount, and if Tenant paid more as Estimated Building Direct Expenses than the actual Building Direct Expenses (again, an Excess), Landlord shall, within thirty (30) days, deliver a check payable to Tenant in the amount of such Excess. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term.

4.4.2 **Statement of Estimated Building Direct Expenses.** In addition, Landlord shall give Tenant at least thirty (30) days before each calendar year a yearly expense estimate statement (the "**Estimate Statement**") which shall set forth Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Building Direct Expenses for the then-current Expense Year shall be and the estimated

amount of Tenant's Share of Building Direct Expenses (the "**Estimated Building Direct Expenses**"). The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Building Direct Expenses under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Building Direct Expenses theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, with its next installment of Base Rent due at least thirty (30) days later, a fraction of the Estimated Building Direct Expenses for the then-current Expense Year (reduced by any amounts paid pursuant to the penultimate sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Building Direct Expenses set forth in the previous Estimate Statement delivered by Landlord to Tenant. Notwithstanding the foregoing in this Article 4, Tenant shall not be required to pay any Direct Expenses otherwise due hereunder (excepting therefrom Tax Expenses arising from a change in ownership or new construction) if Landlord first notifies Tenant of such Direct Expenses in a statement received by Tenant more than eighteen (18) months after such expenses or taxes are incurred.

#### 4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible.**

4.5.1 Tenant shall be liable for and shall pay five (5) days before delinquency, taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall upon demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.5.2 If any specialized tenant improvements (as opposed to general utility office improvements) in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which general utility office improvements in other Project Buildings are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 4.5.1, above.

4.5.3 Notwithstanding any contrary provision herein, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Project, including the Project parking facility; or (iii) taxes assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises, to the extent such amounts are not already payable as Building Direct Expenses.

4.6 **Audit Right.** Within one hundred eighty (180) days after receiving any Statement (the "**Review Notice Period**"), Tenant may give Landlord written notice ("**Review Notice**") stating that Tenant elects to review Landlord's calculation of the Building Direct Expenses for the Expense Year to which such Statement applies and identifying, with reasonable specificity, the components ("**Components**") of the Building Direct Expenses which Tenant wishes to review, the reasonable grounds Tenant has for

believing that the Components are overstated or computed incorrectly, and the records of Landlord reasonably relating to the Components that Tenant desires to review. Within a reasonable time after receiving a timely Review Notice (and a confidentiality agreement as described below), Landlord shall deliver to Tenant, or make available for inspection at a location reasonably designated by Landlord, copies of such records. Landlord shall make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct its review. Such books and records may not be removed from Landlord's offices, but Tenant shall have the right to copy the same. Within sixty (60) days after such records are made available to Tenant (the "**Objection Period**"), Tenant may deliver to Landlord written notice (an "**Objection Notice**") stating with reasonable specificity any objections to the amount of or inclusion of the Components in the Statement, in which event Landlord and Tenant shall work together in good faith to resolve Tenant's objections. Tenant may not deliver more than one Review Notice or more than one Objection Notice with respect to any Expense Year used by Landlord for computing Building Direct Expenses. If Tenant fails to give Landlord a Review Notice before the expiration of the Review Notice Period or fails to give Landlord an Objection Notice before the expiration of the Objection Period, Tenant shall be deemed to have approved the Statement. If Tenant retains an agent to review Landlord's records, such agent must be a reputable nationally or regionally recognized agent and its fees shall not be contingent, in whole or in part, upon the outcome of the review. Tenant shall be responsible for all costs of such review, except as expressly set forth below. The records and any related information obtained from Landlord shall be treated as confidential, and as applicable only to the Premises, by Tenant, its auditors, consultants, and any other parties reviewing the same on behalf of Tenant (collectively, "**Tenant's Auditors**"). Before making any records available for review, Landlord may require Tenant and Tenant's Auditors to execute a commercially reasonable confidentiality agreement. Notwithstanding any contrary provision hereof, Tenant may not give any notice hereunder, examine Landlord's records or dispute any Statement Tenant if Tenant is in Default under this Lease beyond the expiration of any applicable notice and cure periods. If, for any Expense Year used by Landlord for computing Building Direct Expenses, Landlord and Tenant determine that the sum of Tenant's Share of the Components is less or more than the amount reported, Tenant shall receive a credit in the amount of its overpayment against Rent then or next due hereunder, or shall pay Landlord the amount of its underpayment with the Rent next due hereunder; provided, however, that if this Lease has expired or terminated and Tenant has vacated the Premises, Landlord shall pay Tenant the amount of Tenant's overpayment (less any Rent due), or Tenant shall pay Landlord the amount of Tenant's underpayment, within thirty (30) days after such determination. Further, in the event that such examination reveals that Tenant was overcharged by more than five percent (5%) of the actual amount of Tenant's Share of Building Direct Expenses, then Landlord shall also promptly reimburse Tenant for the actual cost of performing the audit (but not to exceed \$5,000.00). Tenant agrees that Tenant's sole right to inspect Landlord's books and records and to contest the amount of Building Direct Expenses payable by Tenant shall be as set forth in this Section 4.6 and Tenant waives any and all other rights to inspect such books and records and/or to contest the amount of Building Direct Expenses payable by Tenant. Notwithstanding anything to the contrary set forth above, Tenant's audit rights under this Section 4.6 shall be conditioned upon Tenant having paid the total amounts billed by Landlord for Building Direct Expenses within the time stipulated in above for payment (including, without limitation, the contested amounts).

## ARTICLE 5

### USE OF PREMISES

5.1 **Permitted Use.** Tenant shall use the Premises solely for the Permitted Use set forth in Section 7 of the Summary and Tenant shall not use or permit the Premises to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's reasonable discretion. Subject to the terms of this Lease and Rules and Regulations set forth in Exhibit D and such security measures that Landlord may reasonably deem necessary or desirable for the

safety and security of the Project, the Building or the Premises, and except to the extent the same may be impaired, limited or precluded by governmental or quasi-governmental orders, rules, regulations or restrictions, emergencies or damage or destruction or condemnation, Tenant shall have access to the Building and the Premises twenty-four (24) hours per day, seven (7) days per week, subject to full or partial closures which may be required from time to time for or due to actual or threatened emergency, governmental or quasi-governmental orders, rules, regulations or restrictions, damage or destruction or condemnation, or other events or circumstances which make it reasonably necessary to temporarily restrict or limit access.

5.2 **Prohibited Uses.** Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations set forth in **Exhibit D**, attached hereto, or in violation of the laws of the United States of America, the State of California, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project, including, without limitation, any such laws, ordinances, regulations or requirements relating to hazardous materials or substances, as those terms are defined by applicable laws now or hereafter in effect. Other than customary quantities of normal office and janitorial supplies, and other materials reasonably required for the Permitted Use (including those described in **Exhibit F**), Tenant shall not use or store, or permit to be used or stored, in, on or about the Premises any hazardous materials or substances without the prior written consent of Landlord (which consent may be given or withheld in Landlord's reasonable discretion). Any use of hazardous materials or substances by Tenant in, on or about the Premises permitted by Landlord shall be in compliance with all applicable laws, ordinances, governmental codes, rules and regulations. Landlord agrees that Tenant shall not be responsible or liable for any past, present or future hazardous materials or substances released or discharged in, on, under or about the Premises, Building or Project by any third parties (i.e. persons or entities other than Tenant or any of its agents, employees, affiliates, officers, directors, members, managers, partners, contractors, consultants, assignees, sublessees, licensees, invitees or other representatives). In no event shall occupancy density of the Premises or any portion thereof exceed that allowed by Applicable Laws. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants, if any, or occupants of the Building, or injure them or use or allow the Premises to be used for any, unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall comply with, and Tenant's rights and obligations under the Lease and Tenant's use of the Premises shall be subject and subordinate to, all recorded easements, covenants, conditions, and restrictions now in existence affecting the Project or, to the extent they do not cause an Adverse Event, hereafter affecting the Project. To the actual knowledge of Landlord, without any duty of inquiry or investigation, except as disclosed in that certain Phase I Environmental Site Assessment report for The Quad, 2962-3062 Bunker Hill Lane and 3001-3005 Tasman Drive, Santa Clara, California 95054, dated August 24, 2024, prepared by Surrey Associates, a copy of which has been provided by Landlord to Tenant prior to Tenant's execution of this Lease, or hazardous materials used by other Project occupants in accordance with applicable environmental laws, no hazardous material is present on the Project or the soil, surface water or groundwater thereof.

## ARTICLE 6

### SERVICES AND UTILITIES

6.1 **Utility Services.** Tenant shall pay during the Lease Term and prior to delinquency all charges for water, gas, light, heat, power, electricity, telephone or other communication service, janitorial service, trash pick-up, sewer and all other services supplied to Tenant or consumed by Tenant on the Premises and all taxes, levies, fees or surcharges therefore. Tenant shall arrange for janitorial service to be supplied to the Premises and shall contract for such janitorial service for the Premises in Tenant's name

prior to the Lease Commencement Date. In the event that any of the utility services cannot be separately billed or metered to the Premises, or if any of the utility services are not separately metered or submetered to the Premises as of the Lease Commencement Date, the cost of such utility services so commonly metered shall be an Operating Expense and Tenant shall pay, as Additional Rent, Tenant's Share of the Building of such cost to Landlord as provided in Article 4 above; provided, however, Landlord represents that all utilities to the Premises are separately metered. The lack or shortage of any services due to any cause whatsoever (except for a lack or shortage of utility services proximately caused by the negligence or willful misconduct Landlord or that of its agents or employees or Landlord's breach of this Lease and failure to cure such breach within the applicable cure period hereunder or as provided in Section 6.4 below) shall not affect any obligation of Tenant hereunder, and Tenant shall faithfully keep and observe all the terms, conditions and covenants of this Lease and pay all Rentals due hereunder, all without diminution, credit or deduction.

6.1.1 During the Lease Term, as the same may be extended, Tenant shall have full control (but subject to the terms of Section 7.1 below) over the heating, ventilation and air conditioning system servicing the Premises. During the Lease Term, as the same may be extended, Tenant shall pay for all electrical charges and billings related to the operation of such heating, ventilation and air conditioning system servicing the Premises and shall not be required to pay any supplemental charge for after-hours HVAC.

6.1.2 Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the heating, ventilation and air conditioning, electrical, mechanical and plumbing systems. Tenant acknowledges that, pursuant to any law or regulation regarding disclosure of energy efficiency data with respect to the Project, ("**Energy Disclosure Requirements**"), Landlord may be required in the future to disclose information concerning Tenant's energy usage to certain third parties, including, without limitation, prospective purchasers, lenders and tenants of the Building ("**Tenant Energy Use Disclosure**"). Tenant shall cooperate with Landlord with respect to any Tenant Energy Use Disclosure. Without limiting the generality of the foregoing, Tenant shall, within ten (10) business days following request from Landlord, disclose to Landlord all non-confidential information reasonably requested by Landlord in connection with such Tenant Energy Use Disclosure, including, but not limited to, the amount of power or other utilities consumed within the Premises for which the meters for such utilities are in Tenant's name, the number of employees working within the Premises, the operating hours for Tenant's business in the Premises, and the type and number of equipment operated by Tenant in the Premises. Tenant acknowledges that this information shall be provided on a non-confidential basis and may be provided by Landlord exclusively to the applicable utility providers, the California Energy Commission (and other governmental entities having jurisdiction with respect to the Energy Disclosure Requirements), and any third parties to whom Landlord is required to make any Tenant Energy Use Disclosure. Tenant hereby (A) consents to all such Tenant Energy Use Disclosures, and (B) acknowledges that Landlord shall not be required to notify Tenant of any Tenant Energy Use Disclosure. Tenant agrees that none of the "Landlord Parties," as that term is defined in Section 10.1, below, shall be liable for, and Tenant hereby releases the Landlord Parties from, any and all loss, cost, damage, expense and liability relating to, arising out of and/or resulting from any Tenant Energy Use Disclosure. In addition, Tenant represents to Landlord that any and all information provided by Tenant to Landlord pursuant to this paragraph shall be, to the best of Tenant's knowledge, true and correct in all material respects, Tenant acknowledges that Landlord shall be permitted to rely on such information, and Tenant shall indemnify, defend and hold harmless the Landlord Parties from and against all claims, demands, liabilities, damages, losses, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with or arising from any breach of the foregoing representation and/or Tenant's failure to timely provide any information requested by Landlord pursuant to this paragraph. The terms of this paragraph shall survive the expiration or earlier termination of this Lease.

6.2 **Exceeding Electrical Capacity.** Tenant's use of electricity shall never exceed the capacity of the feeders to the Project or the risers or wiring installation.

6.3 **Interruption of Use.** Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, or replacements by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other Force Majeure; and such failures or delays or diminution shall never relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6. This Section 6.3 shall not be deemed to modify Landlord's obligations in the event of a casualty pursuant to Article 11.

6.4 **Rent Abatement.** The provisions of Section 6.3 above to the contrary notwithstanding, if Landlord (i) fails to perform the obligations required of Landlord under the terms of this Lease or (ii) interrupts utility service to the Premises, and either of the forgoing causes all or a portion of the Premises to be untenable and unusable by Tenant (and Tenant stops using such portion of the Premises that is so rendered untenable or unusable), and such event is not the result of or caused in whole or in part by the acts and/or omissions of Tenant and/or any of Tenant's employees, agents, affiliates, officers, directors, partners, members, managers, contractors, consultants, licensees, sublessees or other representatives, Tenant shall give Landlord notice (the "**Initial Notice**"), specifying such event (the "**Abatement Event**"). If Landlord has not remedied such Abatement Event within five (5) business days after the receipt of the Initial Notice (the "**Eligibility Period**"), Tenant may deliver an additional notice to Landlord (the "**Additional Notice**"), specifying such Abatement Event and Tenant's intention to abate the payment of Rent under this Lease. If Landlord does not remedy such Abatement Event within five (5) business days of receipt of the Additional Notice, Tenant may, upon written notice to Landlord, immediately proportionately abate Rent payable under this Lease for that portion of the Premises rendered untenable and not used by Tenant, for the period beginning on the date five (5) business days after the Initial Notice to the earlier of the date Landlord remedies such Abatement Event or the date Tenant recommences the use of such portion of the Premises. In addition, if the Abatement Event continues for six (6) consecutive months or more after the Additional Notice, then Tenant shall have the right to terminate this Lease by written notice to Landlord given at any time after the expiration of the aforesaid six (6) month period (but prior to the cure of such Abatement Event), which termination notice shall specify a termination date that shall not be before the date of such notice or more than thirty (30) days after the date of such notice. Such right to proportionately abate Rent and/or terminate this Lease as expressly provided in this Section 6.4 shall not be deemed a waiver of any of Tenant's rights or remedies with respect to any other breach of Landlord's obligations pursuant to this Lease. Except as provided in this Section 6.4, nothing contained herein shall be interpreted to mean that Tenant is excused from paying Rent due hereunder.

6.5 **Security Services.** When and if so elected by Landlord, in its sole discretion from time to time or at any time, Landlord may also provide security services for the Project (but not individually for Tenant or the Premises) of such scope and type as Landlord may determine in its sole discretion. Landlord shall not be liable in any manner to Tenant or any other Tenant Parties for any acts (including criminal acts) of others, or for any direct, indirect, or consequential damages, or any injury or damage to, or interference with, Tenant's business, including, but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, or other loss or damage, bodily injury or death, related to any malfunction, circumvention or other failure of any security services which

Landlord elects to provide, or on account of Landlord's election not to provide any security service or services, or for the failure of any security services to prevent bodily injury, death, or property damage, or loss, or to apprehend any person suspected of causing such injury, death, damage or loss.

6.6 **Existing Generator.** The parties hereto acknowledge that there is an existing generator located near the Building that serves the Building (the "Existing Generator"). During the Term of this Lease, as the same may be extended, Tenant shall have the exclusive right, at Tenant's sole cost, to use such Existing Generator. Any and all costs incurred by Landlord in maintaining or repairing the Existing Generator shall be a Building Operating Expense, subject to the terms of Section 4.2.7 above.

## ARTICLE 7

### REPAIRS

7.1 **Tenant Repairs.** Subject to Landlord's obligations as set forth in this Lease, including in Sections 6.1 and 7.2, Tenant shall, at Tenant's own expense, during the Lease Term, keep the entire Premises, and every part thereof, including all improvements, fixtures and furnishings therein (including without limitation, the electrical, plumbing and lighting systems within the Premises, doors, interior walls and partitions) and the floor or floors of the Building, in good order, repair and condition at all times during the Lease Term. Tenant also shall maintain continuously throughout the Lease Term, as the same may be extended, a service contract for the maintenance and repair of all heating, ventilation and air conditioning ("HVAC") units and equipment, including the boiler on the roof of the Building, servicing the Premises with a licensed HVAC repair and maintenance contractor approved by Landlord, which contract provides for the periodic inspection, servicing and repair of the HVAC units and equipment at least once every ninety (90) days during the Lease Term, and Tenant shall provide Landlord with inspection reports no less than quarterly. Tenant shall furnish Landlord with copies of the HVAC service contract(s), which shall provide that they may not be canceled or changed without at least thirty (30) days' prior written notice to Landlord. In the event that any HVAC unit(s) serving the Premises is required to be replaced during the Lease Term, as the same may be extended, then, provided Tenant has complied with the terms above concerning the inspection, servicing and repair of the HVAC units serving the Premises, Landlord shall replace such HVAC unit(s) required to be replaced at Landlord's sole cost (and without any bill back or charge to Tenant, including as an Operating Expense). In the event that the boiler servicing the Premises is required to be replaced during the Lease Term, as the same may be extended, then, provided Tenant has complied with the terms above concerning the inspection, servicing and repair of the boiler servicing the Premises, Landlord shall replace the boiler required to be replaced at Landlord's sole cost (and without any bill back or charge to Tenant, including as an Operating Expense). Tenant also shall be responsible for maintenance, repair and replacement of any supplemental heating, ventilation and air conditioning system or units installed, or caused to be installed, by Tenant to serve the Premises, or applicable part thereof. In addition, during the Lease Term, Tenant shall, at Tenant's own expense, but under the supervision and subject to the prior approval of Landlord, and within any reasonable period of time specified by Landlord, promptly and adequately replace or repair all damaged, broken, or worn fixtures (including, without limitation, lamps, starters and ballasts for lighting fixtures within the Premises) and appurtenances, except for damage caused by ordinary wear and tear or beyond the reasonable control of Tenant and subject to Section 10.5; provided however, that, at Landlord's option, or if Tenant fails to make such repairs, Landlord may, but need not, make such repairs and replacements, and Tenant shall pay Landlord the cost thereof plus an administrative fee equal to five percent (5%) of the cost thereof to reimburse Landlord for all overhead, general conditions, fees and other costs or expenses arising from Landlord's involvement with such repairs and replacements forthwith upon being billed for same.

7.2 **Landlord Repairs.** Landlord shall be responsible for maintenance and repairs to the structural roof (and the roof membrane), structural and exterior walls (including painting thereof), exterior

windows, foundations of the Building, the public restrooms on the floor(s) on which the Premises is located to the extent Tenant is leasing less than the applicable floor, the elevators, and fire/life-safety system serving the Building and/or Premises and all underground or shared utilities and systems; and all Common Areas, the cost of which may be included as Operating Expenses pursuant to Section 4.2.7 above, except to the extent that such repairs are required due to the negligence or willful misconduct of Tenant; provided, however, that if such repairs are due to the negligence or willful misconduct of Tenant, Landlord shall nevertheless make such repairs at Tenant's expense, subject to Section 10.5, or, if covered by Landlord's insurance, Tenant shall only be obligated to pay the deductible in connection therewith (but in no event shall Tenant's Share of such deductible exceed One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) per casualty). In addition, Landlord shall perform and construct, and Tenant shall have no responsibility to perform or construct, any repair, maintenance or improvements (a) necessitated by the acts or omissions of Landlord, or its agents, employees or contractors, or (b) for which Landlord has a right of reimbursement from others and receives such reimbursement (provided it shall use reasonable efforts to obtain such reimbursement). Subject to Article 27 below, Landlord may, but shall not be required to, enter the Premises at all reasonable times upon notice to Tenant (with the opportunity for Tenant to be present) to make such repairs, alterations, improvements or additions to the Premises or to the Project or to any equipment located in the Project as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

## ARTICLE 8

### ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations.** Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than five (5) business days prior to the commencement thereof, and which consent shall not be unreasonably withheld, conditioned or delayed by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which materially adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Building. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations without Landlord's prior consent (but not earlier than the giving of at least five (5) business days' prior written notice to Landlord of intention to commence such Alterations), to the extent that such Alterations (i) are not visible from the exterior of the Premises or Building; (ii) will not affect the structural integrity of the Building or adversely affect any of the electrical, mechanical, plumbing, sewer, fire life safety or heating, ventilation or air conditioning systems; and (iii) does not cost more than One Hundred Thousand and 00/100 Dollars (per work of improvement) or is decorative only (e.g., painting or carpeting) ("Permitted Alterations"). Permitted Alterations shall be subject to all the other provisions of this Article 8. The construction of the Tenant Improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8.

8.2 **Manner of Construction.** Landlord may impose, as a condition of its consent to any and all Alterations (including, without limitation, Permitted Alterations if Tenant seeks Landlord's consent to same) or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, subcontractors, materials, mechanics and materialmen reasonably approved by Landlord or selected by Tenant from a list provided and approved by Landlord (provided such contractors charge marketably comparable rates), the requirement that upon Landlord's request as provided in Section 8.5, Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early

termination of the Lease Term; provided, however, subject to Landlord's review and approval of plans and specifications for Alterations desired to be undertaken by or on behalf of Tenant, Tenant shall not be obligated to remove from the Premises any such Alterations approved by Landlord that are standard office improvements in nature. With respect to any Permitted Alterations for which Tenant does not obtain Landlord's consent, Landlord also shall have the right to require Tenant, at Tenant's sole cost, to remove such Permitted Alterations designated by Landlord for removal upon the expiration or earlier termination of this Lease Term (other than standard office improvements). Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, state, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the City of Santa Clara, all in conformance with Landlord's reasonable and non-discriminatory construction rules and regulations; provided, however, that prior to commencing to construct any Alteration, Tenant shall meet with Landlord to discuss Landlord's design parameters and code compliance issues. In the event Tenant performs any Alterations in the Premises consented to by Landlord which require or give rise to governmentally required changes to the Base Building (as defined below), then Landlord shall, at Tenant's expense, make such changes to the Base Building. For purposes of this Lease, the term "Base Building" shall mean and include (i) the façade and structural portions of the Building; (ii) the public restrooms on the floor or floors on which the Premises is located if Tenant is not leasing such entire floor, (iii) the elevators and exit stairwells, (iv) all Building systems and equipment, including, without limitation, any mechanical (including HVAC but excluding any supplemental HVAC installed, or caused to be installed, by Tenant), electrical, plumbing or fire/life-safety system serving the Building and Premises (whether located inside or outside of the Premises). In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of Santa Clara in accordance with Section 8182 of the California Civil Code or any successor statute and furnish a copy thereof to Landlord upon recordation, and Tenant shall deliver to the Project construction manager (A) a reproducible print copy, and (B) an electronic CAD file, of the "as built" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements.** If payment is made directly to contractors, Tenant shall (i) comply with Landlord's requirements for final lien releases and waivers in connection with Tenant's payment for work to contractors, and (ii) sign Landlord's commercially reasonable standard contractor's rules and regulations, if any.

8.4 **Construction Insurance.** In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes, or causes to be made, any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries "Builder's All Risk" insurance in the amount of the full replacement value of the Alterations or a lower amount reasonably approved by Landlord (which shall in no event be less than the amount actually carried by Tenant) covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Tenant shall obtain and deliver to Landlord certificates of insurance and applicable endorsements from all Third Party Contractors (defined below) at least five (5) business days prior to the commencement of work in or about the Premises by any vendor or any other third-party contractor (each, a "**Third Party Contractor**"). All such insurance shall (a) name Landlord, and any other party that Landlord so specifies, as an additional insured under such party's liability policies (including, without limitation, with respect to premises operations and product-completed operations coverages) as required by Section 10.3.1 below and this Section 8.4, (b) provide a waiver of subrogation in favor of Landlord under each such Third Party Contractor's commercial general liability

insurance, (c) be primary and any insurance carried by Landlord shall be excess and non-contributing, and (d) comply with Landlord's minimum insurance requirements, with coverage amounts as reasonably required by Landlord, which shall in no event be less than the amount actually carried by any such Third Party Contractor. In addition, with respect to any work of improvement desired to be undertaken, or caused to be undertaken, by Tenant the cost of which will exceed Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), Landlord may, in its reasonable discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien free completion of such Alterations and naming Landlord as co-obligee.

8.5 **Landlord's Property.** All Alterations, improvements, and fixtures (other than trade fixtures) which may be installed in or about the Premises, from time to time, shall be at the sole cost of Tenant and shall be and become the property of Landlord, except that Tenant may remove any Alterations, improvements, fixtures and/or equipment which Tenant can substantiate to Landlord have not been paid for with any Tenant Improvement Allowance funds provided to Tenant by Landlord, provided Tenant repairs any damage to the Premises and Building caused by such removal and returns the affected portion of the Premises to the condition that existed before such installation. Furthermore, Landlord may, by written notice to Tenant at the time of Landlord's consent to the Alterations, require Tenant, on or prior to the expiration or early termination of the Lease, at Tenant's expense, to remove any Alterations or improvements (other than standard office improvements) and to repair any damage to the Premises and Building caused by such removal. If Landlord does not make such requests at the time of consent, Tenant shall not be required to remove such Alterations; provided, however, with respect to any Permitted Alterations for which Tenant does not obtain Landlord's consent, Landlord also shall have the right to require Tenant, at Tenant's sole cost, to remove such Permitted Alterations designated by Landlord for removal (excepting therefrom standard office improvements) upon the expiration or earlier termination of this Lease Term by delivering written notice thereof to Tenant promptly after Landlord receives actual written notice from Tenant of such Permitted Alterations (and such written notice includes an inquiry from Tenant as to whether Landlord will require such Permitted Alterations to be removed upon the expiration or earlier termination of this Lease). In no event shall Tenant be required to remove the Tenant Improvements constructed, or caused to be constructed, by Landlord pursuant to the terms of the Tenant Work Letter. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations or improvements in the Premises and return the affected portion of the Premises as required above, Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

#### 8.6 **Rooftop Rights.**

8.6.1 Tenant shall have the right, to lease space on the roof of the Building for the purpose of installing (in accordance with this Article 8 of the Lease), operating and maintaining certain equipment approved by Landlord (the "**Rooftop Equipment**"). The exact location of the space on the roof to be leased by Tenant (the "**Roof Space**") shall be reasonably designated by Landlord. Landlord reserves the right, at Landlord's sole cost in a manner that will not unreasonably interfere with Tenant's use of the Premises, to relocate the Roof Space as reasonably necessary during the Term, as the same may be extended. Landlord's designation shall take into account Tenant's use of the Rooftop Equipment. Notwithstanding the foregoing, Tenant's right to install the Rooftop Equipment shall be subject to the approval rights of Landlord and Landlord's architect and/or engineer with respect to the plans and specifications of the Rooftop Equipment, the manner in which the Rooftop Equipment is attached to the roof of the Building and the manner in which any cables are run to and from the Rooftop Equipment. The precise specifications and a general description of the Rooftop Equipment along with all documents Landlord reasonably requires

to review related to the installation of the Rooftop Equipment (the "Plans and Specifications") shall be submitted to Landlord for Landlord's written approval no later than twenty (20) days before Tenant commences to install the Rooftop Equipment. Tenant shall be solely responsible for obtaining all necessary governmental and regulatory approvals with respect to the installation and use of the Rooftop Equipment and for the cost of installing, operating, maintaining and removing the Rooftop Equipment. Tenant shall notify Landlord upon completion of the installation of the Rooftop Equipment. If Landlord determines that the Rooftop Equipment does not comply with the approved Plans and Specifications, that the Building, or any portion thereof, has been damaged during installation of the Rooftop Equipment or that the installation was defective, Landlord shall notify Tenant of any noncompliance or detected problems and Tenant promptly shall cure the defects. If the Tenant fails to promptly cure the defects, Tenant shall pay to Landlord upon demand the cost, as reasonably determined by Landlord, of correcting any defects and repairing any damage to the Building caused by such installation. If at any time Landlord, in its reasonable discretion, deems it necessary, Tenant shall provide and install, at Tenant's sole cost and expense, appropriate aesthetic screening, reasonably satisfactory to Landlord, for the Rooftop Equipment (the "Aesthetic Screening").

8.6.2 Landlord agrees that Tenant, upon reasonable prior written notice to Landlord, shall have access to the roof of the Building and the Roof Space for the purpose of installing, maintaining, repairing and removing the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, all of which shall be performed by Tenant or Tenant's authorized representative or contractors, which shall be approved by Landlord, at Tenant's sole cost and risk. Landlord shall have the right to have a representative of Landlord accompany Tenant or its authorized representatives or contractors when Tenant and/or its authorized representatives or contractors are on the roof of the Building or in the Roof Space.

8.6.3 It is further understood and agrees that the installation, maintenance, operation and removal of the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, is not permitted to damage the Building or the roof thereof, or interfere with the use of the Building and roof by Landlord. Tenant agrees to be responsible, subject to the provisions of Section 10.5 below, for any damage caused to the roof or any other part of the Building, which may be caused by Tenant or any of its agents, employees, contractors, consultants or other representatives.

8.6.4 Tenant shall, at its sole cost and expense, and at its sole risk, install, operate and maintain the Rooftop Equipment in a good and workmanlike manner, and in compliance with all Building, electric, communication, and safety codes, ordinances, standards, regulations and requirements, now in effect or hereafter promulgated, of the Federal Government, including, without limitation, the Federal Communications Commission (the "FCC"), the Federal Aviation Administration ("FAA") or any successor agency of either the FCC or FAA having jurisdiction over radio or telecommunications, and of the state, city and county in which the Building is located. Under this Lease, the Landlord and its agents assume no responsibility for the licensing, operation and/or maintenance of Tenant's Rooftop Equipment. If Tenant's Rooftop Equipment needs to be energized, then the Rooftop Equipment shall be connected to the power supply of the Building in strict compliance with all applicable Building, electrical, fire and safety codes. Neither Landlord nor its agents shall be liable to Tenant for any stoppages or shortages of electrical power furnished to the Rooftop Equipment or the Roof Space because of any act, omission or requirement of the public utility serving the Building, or for any other cause beyond the reasonable control of Landlord, and Tenant shall not be entitled to any rental abatement for any such stoppage or shortage of electrical power. Neither Landlord nor its agents shall have any responsibility or liability for the conduct or safety of any of Tenant's representatives, repair, maintenance and engineering personnel while in or on any part of the Building or the Roof Space.

8.6.5 The Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, shall remain the personal property of Tenant, and shall be removed by Tenant at its own expense at the

expiration or earlier termination of this Lease or Tenant's right to possession hereunder. Tenant shall repair any damage caused by such removal, including the patching of any holes to match, as closely as possible, the color surrounding the area where the equipment and appurtenances were attached. Tenant agrees to maintain all of the Tenant's equipment placed on or about the roof or in any other part of the Building in proper operating condition and maintain same in satisfactory condition as to appearance and safety in Landlord's reasonable discretion. Tenant agrees that at all times during the Term, it will keep the roof of the Building and the Roof Space free of all trash or waste materials produced by Tenant or Tenant's agents, employees or contractors.

8.6.6 In light of the specialized nature of the Rooftop Equipment, Tenant shall be permitted to utilize the services of its choice for installation, operation, removal and repair of the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, subject to the reasonable approval of Landlord. Notwithstanding the foregoing, Tenant must provide Landlord with prior written notice of any such installation, removal or repair and coordinate such work with Landlord in order to avoid voiding or otherwise adversely affecting any warranties granted to Landlord with respect to the roof. If necessary, Tenant, at its sole cost and expense, shall retain any contractor having a then existing warranty in effect on the roof to perform such work (to the extent that it involves the roof), or, at Tenant's option, to perform such work in conjunction with Tenant's contractor. In the event Landlord contemplates roof repairs that could affect Tenant's Rooftop Equipment, or which may result in an interruption of any service provided by such Rooftop Equipment, Landlord shall formally notify Tenant at least 30 days in advance (except in cases of an emergency), prior to the commencement of such contemplated work in order to allow Tenant to make other arrangements for such service.

8.6.7 Tenant agrees that the Rooftop Equipment shall be solely for the use and benefit of Tenant or its subtenants of the Premises. Tenant shall not use the Roof Space and/or Rooftop Equipment to provide communication services to another tenant, occupant or licensee of another building, or to facilitate the provision of communication services on behalf of another communication services provider to an unaffiliated tenant, occupant or licensee of the Building or any other building.

8.6.8 Tenant acknowledges that Landlord may at some time establish a commercially reasonable license agreement (the "License Agreement") with respect to the use of roof space of the Building by Tenant. Tenant, upon request of Landlord, shall enter into such License Agreement with Landlord provided that such agreement does not materially alter the rights of Tenant hereunder with respect to the Roof Space.

8.6.9 Tenant specifically acknowledges and agrees that the terms and conditions of Section 10.1 of this Lease shall apply with full force and effect to the Roof Space and any other portions of the roof accessed or utilized by Tenant, its representatives, agents, employees, consultants and/or contractors. Tenant further acknowledges that Landlord shall not be obligated to maintain insurance covering the Rooftop Equipment or any appurtenances thereto.

8.6.10 If Tenant defaults under any of the terms and conditions of this Section or the Lease, and Tenant fails to cure said default within the time allowed by Section 19.1 of this Lease and applicable thereto, Landlord shall be permitted to exercise all remedies provided under the terms of the Lease, including removing the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, and restoring the Building and the Roof Space to the condition that existed prior to the installation of the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any. If Landlord removes the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, as a result of an uncured default, Tenant shall be liable for all costs and expenses Landlord incurs in removing the Rooftop Equipment, the appurtenances and the Aesthetic Screening, if any, and repairing any damage to the Building, the roof of

the Building and the Roof Space caused by the installation, operation, maintenance and/or removal of the Rooftop Equipment, the appurtenances, and the Aesthetic Screening, if any.

8.7 Tenant's Right to Install HVAC Equipment on Ground Located on the West Side of the Building. Subject to the terms and conditions set forth below, Tenant shall have the right, during the Term of this Lease, as the same may be extended, at Tenant's sole cost and expense, to install, maintain and repair certain HVAC equipment on the ground located on the west side of the Building in a location reasonably approved by Landlord (the "**HVAC Surface Area**").

8.7.1 Tenant shall be solely responsible for obtaining all necessary governmental and regulatory approvals with respect to the installation and use of the HVAC equipment to be situated within the HVAC Surface Area and for the cost of installing, operating, maintaining and removing such HVAC equipment. Tenant shall provide and install, at Tenant's sole cost and expense, appropriate aesthetic screening, reasonably satisfactory to Landlord, for the HVAC equipment to be located within or located within the HVAC Surface Area.

8.7.2 Tenant shall, at its sole cost and expense, and at its sole risk, install, operate and maintain the HVAC equipment referred to in this Section 8.7 in a good and workmanlike manner, and in compliance with all Applicable Laws. Under this Lease, the Landlord and its agents assume no responsibility for the operation, maintenance or repair of such HVAC equipment. Neither Landlord nor its agents shall be liable to Tenant for any stoppages or shortages of electrical power furnished to such HVAC equipment referred to in this Section 8.7 because of any act, omission or requirement of the public utility serving the Building, or for any other cause beyond the reasonable control of Landlord, and Tenant shall not be entitled to any rental abatement for any such stoppage or shortage of electrical power. Neither Landlord nor its agents shall have any responsibility or liability for the conduct or safety of any of Tenant's representatives, repair, maintenance and engineering personnel while in or on any part of the HVAC Surface Area.

8.7.3 The HVAC equipment to be installed in the HVAC Surface Area, the appurtenances and the aesthetic screening of such HVAC equipment, shall remain the personal property of Tenant, and shall be removed by Tenant at its own expense at the expiration or earlier termination of this Lease or Tenant's right to possession hereunder. Tenant shall repair any damage caused by such removal. Tenant agrees to maintain all of the HVAC equipment referred to in this Section 8.7 that is placed in the HVAC Surface Area in proper operating condition and maintain same in satisfactory condition as to appearance and safety in Landlord's reasonable discretion. Tenant agrees that at all times during the Term, it will keep the HVAC Surface Area free of all trash or waste materials produced by Tenant or Tenant's agents, employees or contractors.

8.7.4 Tenant acknowledges that Landlord may at some time establish a commercially reasonable license agreement (the "**HVAC Surface Area License Agreement**") with respect to the use of the HVAC Surface Area by Tenant. Tenant, upon request of Landlord, shall enter into such HVAC Surface Area License Agreement with Landlord provided that such agreement does not materially alter the rights of Tenant hereunder with respect to the use of the HVAC Surface Area.

8.7.5 Tenant specifically acknowledges and agrees that the terms and conditions of Section 10.1 of this Lease shall apply with full force and effect to the HVAC Surface Area accessed or utilized by Tenant, its representatives, agents, employees, consultants and/or contractors. Tenant further acknowledges that Landlord shall not be obligated to maintain insurance covering the HVAC equipment installed in the HVAC Surface Area or any appurtenances thereto.

8.7.6 If Tenant defaults under any of the terms and conditions of this Section 8.7 or the Lease (and Tenant fails to cure said default within the time allowed by Section 19.1 of this Lease) and, as a result of such uncured default, Landlord exercises its right to terminate this Lease, then, Landlord shall have the right to remove the HVAC equipment installed in the HVAC Surface Area, the appurtenances thereto and the aesthetic screening of the same, if any, and restore the HVAC Surface Area to the condition that existed prior to the installation of the HVAC equipment in the HVAC Surface Area, the appurtenances thereto and the aesthetic screening of the same, if any. If Landlord so removes any of such HVAC equipment, the appurtenances and/or aesthetic screening, if any, as a result of such an uncured default, Tenant shall be liable for all costs and expenses Landlord incurs in removing the same, and repairing any damage to the Building and/or HVAC Surface Area caused by the installation, operation, maintenance and/or removal of the HVAC equipment, the appurtenances, and/or the aesthetic screening, if any.

## ARTICLE 9

### COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least five (5) business days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under applicable laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within fifteen (15) business days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to engage in any act which shall subject Landlord's title to the Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Building or Premises arising in connection with any such work or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project, Building and Premises.

## ARTICLE 10

### INDEMNIFICATION; INSURANCE

10.1 **Indemnification and Waiver.** Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever (including, but not limited to, any personal injuries resulting from a slip and fall in, upon or about the Premises) except to the extent arising from the negligence or willful misconduct of Landlord or Landlord Parties (as defined below) or Landlord's violation of this Lease. Tenant agrees that Landlord, its subsidiaries, affiliates, partners, subpartners, members and their respective officers, directors, shareholders, partners, agents, servants, and employees (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any such damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all losses, claims, costs, damages, actions, causes of action, liabilities, penalties, damages, expenses and costs (including without limitation court costs and reasonable attorneys' fees) (collectively, "**Claims**") incurred in connection with or arising

from (i) any cause in or on the Premises, (ii) any willful misconduct or negligence of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or licensees of Tenant or any such person (collectively, “**Tenant Parties**”), in, on or about the Project, or (iii) any breach of the terms of this Lease by Tenant, either prior to, during, or after the expiration of the Lease Term, provided that the terms of the foregoing indemnity, defense and hold harmless obligations of Tenant shall not apply to the negligence or willful misconduct of Landlord or the Landlord Parties or Landlord's violation of this Lease. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant’s occupancy of the Premises for which Tenant is obligated to indemnify Landlord pursuant to the preceding sentence, Landlord shall so notify Tenant and Tenant shall defend Landlord with counsel reasonably acceptable to Landlord and shall be responsible for the costs of such suit, including without limitation, actual professional fees such as reasonable appraisers’, accountants’ and attorneys’ fees.

The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

**10.2 Tenant’s Compliance With Landlord’s Fire and Casualty Insurance.** Tenant shall, at Tenant’s expense, comply with all insurance company requirements pertaining to the use of the Premises during the Lease Term (and during the period from the Delivery Date to the Commencement Date of this Lease) provided that Landlord has given prior written notice of such requirements to Tenant. If Tenant’s conduct or use of the Premises for a use other than as general office space causes any increase in the premium for such insurance policies, then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant’s expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body, provided however, that in the event any Alterations or improvements to the Premises are necessary, same shall be subject to Section 24 below.

**10.3 Tenant’s Insurance.** Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance on an occurrence form covering the insured against claims of bodily injury, personal injury (including death of a person or persons) and property damage (including loss of use thereof) arising out of Tenant’s operations, Tenant’s use or occupancy of the Premises, or (without implying any consent by Landlord for installation thereof) the installation, operation, maintenance, repair or removal of Tenant’s off-Premises equipment, for limits of liability not less than that actually carried by Tenant, which shall be no less than:

Bodily Injury and Property Damage Liability	\$1,000,000 each occurrence \$2,000,000 annual aggregate
Personal Injury Liability	\$1,000,000 each occurrence \$2,000,000 annual aggregate 0% Insured’s participation

Tenant’s commercial general liability insurance policy described above shall also provide for an additional \$5,000,000 per occurrence and \$5,000,000 annual aggregate in umbrella/excess liability coverage.

If the use and occupancy of the Premises include any activity or matter that is or may be excluded from coverage under a commercial general liability policy (e.g., the sale, service or consumption

of alcoholic beverages), Tenant shall obtain such endorsements to the commercial general liability policy or otherwise obtain insurance to insure all liability arising from such activity or matter (including liquor liability, if applicable) in such amounts as Landlord may reasonably require.

10.3.2 Physical Damage Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, workstations, merchandise and all other items of personal property (including the property of Tenant or others) in the Premises or otherwise placed or installed in the Project by, for, or at the expense of Tenant or any of the Tenant Parties (including Tenant's off-Premises equipment), and (ii) all improvements, alterations (including, without limitation, Alterations as defined in Article 8.1 above), betterments and additions to the Premises made by Tenant or any Tenant Parties (and excluding therefrom the "Tenant Improvements" (as that term is defined in the Tenant Work Letter, which "Tenant Improvements" shall be covered by insurance maintained by Landlord). Such insurance shall be written on a causes of loss-special risk form (formerly "all-risk") or its equivalent, for the full replacement cost value (subject to reasonable and customary deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, ordinance and law, vandalism and malicious mischief, theft, windstorm, collapse, explosion, water damage of any type (excluding flood), including sprinkler leakage, bursting or stoppage of pipes and sewer back-up.

10.3.3 Worker's Compensation Insurance with statutory limits required by the state in which the Premises are located, including provisions for voluntary benefits as required in labor agreements, if applicable (or such larger amount if required by local statute) and Employer's Liability Insurance of \$1,000,000.

10.3.4 Contractual Liability Insurance sufficient to cover Tenant's liability and obligations under this Lease (including, but not limited to, Tenant's indemnity obligations under Section 10.1 of this Lease), but only if such contractual liability insurance is not already included in Tenant's commercial general liability insurance policy and umbrella/excess liability insurance policy.

10.3.5 Commercial Auto Liability Insurance (if applicable) covering automobiles owned, hired or used by Tenant in carrying on its business with limits not less than \$1,000,000 combined single limit for each accident, and scheduled to the umbrella/excess liability insurance policy.

10.3.6 Business Interruption Insurance in an amount reasonably acceptable to Landlord.

10.4 **Form of Policies.** The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) (except with respect to Section 10.3.3) name Landlord, and any other parties the Landlord so specifies (including Landlord's member(s), and Landlord's property manager (which is currently S B C & D Co., Inc., dba South Bay Development Company), and, if requested by Landlord in writing, Landlord's mortgagee, if any), as additional named insureds (or, in the case of Tenant's physical damage insurance, as additional loss-payees as their interests may appear); (ii) be issued by an insurance company having a rating of A-:VII or better in Best's Insurance Guide or which is otherwise acceptable to Landlord and licensed to do business in the State of California; (iii) be primary and non-contributory when any policy issued to Landlord provides duplicate or similar coverage, and in such circumstance Landlord's policy will be excess over Tenant's policy(ies); and (iv) be in form and content reasonably acceptable to Landlord. Tenant shall provide Landlord (and any other parties Landlord has specified as additional insureds or additional loss-payees) with not less than thirty (30) days' prior written notice of any cancellation of, termination of or material change to any insurance required to be carried by Tenant hereunder. Tenant shall deliver said policy or policies or certificates thereof (and such other evidence satisfactory to Landlord

of the maintenance of such insurance) to Landlord at least ten (10) days prior to the earlier of the Lease Commencement Date or the date Tenant enters or occupies the Premises (in any event, within ten (10) days of the effective date of coverage) and prior to each renewal of said insurance. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificates (and such other evidence satisfactory to Landlord of the maintenance of such insurance), Landlord, in addition to any other remedy available pursuant to this Lease or otherwise, may, at its option, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor. Tenant shall require any vendors or contractors that it shall hire to perform work and/or services on the Premises to procure similar insurance, as required by Landlord of Tenant in this Lease, including naming as additional insureds or additional loss payees, as applicable, Landlord and its member(s), and Landlord's property manager, and, if requested in writing by Landlord, Landlord's mortgagee, if any.

10.5 **Subrogation.** Landlord and Tenant intend that their respective property loss risks shall be borne by reasonable insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers which loss or damage is (or, if the insurance required hereunder had been carried, would have been) covered by the waiving party's property insurance or to the extent that such property loss is due to a risk that would normally be covered by special form property insurance or is actually insured against. Notwithstanding anything to the contrary herein, the parties each hereby waive all rights and claims against each other for such losses to the extent due to a risk covered by such insurance (or, if the insurance hereunder has not been carried, then to the extent such losses would have been covered by insurance) and waive all rights of subrogation of their respective insurers, without regard to the negligence of the party released. The parties agree that their respective insurance policies are now, or shall be, endorsed such that the waiver of subrogation shall not affect the right of the insured to recover thereunder. All of Landlord's and Tenant's repair and indemnity obligations with respect to casualty damage shall be subject to the release in, and to the extent set forth in, this Section 10.5; provided, however, nothing stated in this Section 10.5 shall excuse Tenant from its obligation to pay to Landlord Tenant's Share of reasonable and customary deductibles under any Special Form property insurance policy maintained by Landlord with respect to the Building and/or any improvements situated in the Common Areas covering an insured loss (but in no event shall the Tenant's Share of such deductible exceed One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) per casualty).

10.6 **Additional Insurance Obligations.** Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord or its mortgagee, if any, but in no event in excess of the amounts and types of insurance then being required by landlords of other Comparable Buildings.

10.7 **Landlord's Property Insurance.** In addition to other insurance that may be obtained by Landlord, Landlord shall, during the Lease Term, procure and keep in force the following insurance, the cost of which shall be an Operating Expense: "Special Form" property insurance covering the Building. Such insurance shall be in the full amount of the replacement cost of the Building, with reasonable and customary deductible amounts (but in no event shall the Tenant's Share of such deductibles to be payable as an Operating Expense exceed One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) per casualty). Such insurance may also include rental income insurance, insuring that one hundred percent (100%) of the Rent will be paid to Landlord for a period of up to twelve (12) months if the Premises, or applicable part thereof, are destroyed or damaged, or such longer period as may be determined by Landlord or required by any beneficiary of a deed of trust or any mortgagee of any mortgage affecting the Premises.

## ARTICLE 11

### DAMAGE AND DESTRUCTION

11.1 **Repair of Damage to Premises by Landlord.** Tenant shall promptly notify Landlord of its actual knowledge of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Building, the Tenant Improvements (as defined in the Tenant Work Letter) and the Common Areas (and also shall restore all Alterations made by Tenant to the extent Tenant provides to Landlord prior to the commencement of restoration of such Alterations sufficient proceeds to restore such Alterations and if such proceeds provided by Landlord to Tenant in advance of Landlord commencing the restoration of such Alterations are determined by Landlord to be insufficient to cover the entire cost of restoration such Alterations, Tenant shall pay such shortfall to Landlord within thirty (30) days following receipt of an invoice and supporting documentation evidencing the costs incurred by Landlord in restoring such Alterations and such shortfall). Such restoration shall be to substantially the same condition of the Building, Tenant Improvements, Alterations and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord, which are consistent with the character of the Project, provided that access to the Premises and any common restrooms, if any, serving the Premises shall not be materially impaired and such modifications do not result in an Adverse Event. If any fire or other casualty shall have damaged the Premises, the Tenant Improvements or Common Areas necessary to Tenant's occupancy, and the Premises or a portion thereof are not occupied by Tenant as a result thereof, then during the time and to the extent the Premises are unfit for occupancy, the Rent shall be abated in proportion to the ratio that the amount of rentable square feet of the Premises which is unfit for occupancy for the purposes permitted under this Lease bears to the total rentable square feet of the entire Premises.

11.2 **Landlord's Option to Repair.** Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Tenant Improvements, Premises, Building, Common Areas and Alterations, and instead terminate this Lease, by notifying Tenant in writing of such termination within one hundred twenty (120) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building shall be damaged by fire or other casualty or cause, and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within one (1) year after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project shall require that the insurance proceeds or any portion thereof in the amount of more than \$1,000,000 used to retire the mortgage debt; (iii) the damage is not fully covered by Landlord's insurance policies (except for the amount of the reasonable and customary deductible under Landlord's all risk property insurance policy covering the Building) in the amount of more than \$1,000,000; or (iv) the damage occurs during the last twelve (12) months of the Lease Term and is estimated to take more than three (3) months to restore; provided, however, that if Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and the repairs cannot, in the reasonable opinion of Landlord, be completed within one (1) year after the casualty, Tenant may elect, no later than ninety (90) days after the date it receives Landlord's estimate of the restoration period, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. Furthermore, if neither Landlord nor Tenant has terminated this Lease, and the repairs are not actually completed within fourteen (14) months after the casualty or such longer period as Landlord's contractor had estimated would be

required to complete such repairs (subject to extension for Force Majeure delays (not to exceed sixty (60) days of Force Majeure delays per casualty) and/or delays caused by Tenant), Tenant shall have the right to terminate this Lease during the first five (5) business days of each calendar month following the end of such period until such time as the repairs are substantially complete (i.e. Tenant has access to and can legally occupy the Premises for the Permitted Use with only minor punch list items that do not unreasonably interfere with Tenant's use remaining uncompleted), by written notice to Landlord (the "**Damage Termination Notice**"), effective as of a date set forth in the Damage Termination Notice (the "**Damage Termination Date**"), which Damage Termination Date shall not be less than ten (10) business days following the end of each such month. Notwithstanding the foregoing, if Tenant delivers a Damage Termination Notice to Landlord, then Landlord shall have the right to suspend the occurrence of the Damage Termination Date for a period ending thirty (30) days after the Damage Termination Date set forth in the Damage Termination Notice by delivering to Tenant, within five (5) business days of Landlord's receipt of the Damage Termination Notice, a certificate of Landlord's contractor responsible for the repair of the damage stating that it is such contractor's good faith judgment that the repairs shall be substantially completed within thirty (30) days after the Damage Termination Date. If repairs shall be substantially completed (i.e. Tenant has access to and can legally occupy the Premises for the Permitted Use with only minor punch list items that do not unreasonably interfere with Tenant's use remaining uncompleted) prior to the expiration of such thirty-day period, then the Damage Termination Notice shall be of no force or effect, but if the repairs shall not be substantially completed within such thirty (30)-day period, then this Lease shall terminate upon the expiration of such thirty (30)-day period. At any time, from time to time, after the date occurring sixty (60) days after the date of the damage, Tenant may request that Landlord inform Tenant of Landlord's reasonable opinion of the date of completion of the repairs and Landlord shall respond to such request within ten (10) business days. Notwithstanding anything to the contrary herein, if this Lease terminates due to a casualty prior to the date Landlord has commenced restoration of Tenant's Alterations or improvements paid for solely by Tenant and that are damaged or destroyed by such casualty, then all of Tenant's insurance proceeds with respect to such Alterations and improvements paid for solely by Tenant shall be payable to Tenant with no obligation on Tenant or Landlord to restore such Alterations or improvements. If, however, following a casualty, Landlord does not exercise its right above to terminate the Lease and Tenant does not exercise its right, as provided above, to terminate this Lease based on the Landlord's estimate of the restoration period and Landlord has commenced, or caused to be commenced, the restoration of Alterations or improvements paid for solely by Tenant, then Landlord shall be entitled to receive and retain Tenant's insurance proceeds with respect to such damaged or destroyed Alterations or improvements paid for solely by Tenant.

11.3 **Waiver of Statutory Provisions.** The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

## **ARTICLE 12**

### **NONWAIVER**

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by

Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

### **ARTICLE 13**

#### **CONDEMNATION**

If the whole or any part of the Premises, Building or Project required for the use of or access to the Premises shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises, Building or Project required for the use of or access to the Premises, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. If more than ten percent (10%) of the rentable square feet of the Premises is taken, or if access to or use of the Premises or Tenant's parking is substantially impaired, in each case for a period in excess of one hundred eighty (180) days, Tenant shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and trade fixtures belonging to Tenant, and for relocation expenses and the unamortized value of any improvements made by Tenant solely at Tenant's expense, so long as such claims do not diminish the award available to Landlord or its mortgagee, and such claim is payable separately to Tenant. Tenant shall not have a right to file a claim for any taking of the Tenant Improvements. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated based on the percentage of the rentable square footage of the portion of the Premises taken. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

## ARTICLE 14

### ASSIGNMENT AND SUBLETTING

14.1 **Transfers.** Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as “**Transfers**” and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a “**Transferee**”). If Tenant desires Landlord’s consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the “**Transfer Notice**”) shall include (i) the proposed effective date of the Transfer, which shall not be less than ten (10) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the “**Subject Space**”), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the “Transfer Premium”, as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, provided that Landlord shall have the right to require Tenant to utilize Landlord’s commercially reasonable standard Transfer consent documents in connection with the documentation of such Transfer, and (iv) current financial statements of the proposed Transferee certified as true and correct by an officer, partner or owner thereof, and any other information reasonably required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee’s business and proposed use of the Subject Space. Any Transfer made without Landlord’s prior written consent (or deemed consent) shall, at Landlord’s option, be null, void and of no effect, and shall, at Landlord’s option, constitute a default by Tenant under this Lease after the expiration of applicable notice and cure periods. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord’s reasonable review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys’, accountants’, architects’, engineers’ and consultants’ fees) incurred by Landlord, within thirty (30) days after written request by Landlord, in an amount not to exceed Three Thousand and No/100 Dollars (\$3,000.00) in the aggregate.

14.2 **Landlord’s Consent.** Landlord shall not unreasonably withhold, condition or delay its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Landlord shall respond to Tenant’s request within fifteen (15) days following delivery by Tenant of the Transfer Notice and all of the items described in clauses (i) through (iv) of Section 14.1 above. If Landlord fails to timely deliver to Tenant notice of Landlord’s consent, or the withholding of consent, to a proposed Transfer, Tenant may send a second (2nd) notice to Landlord, which notice must contain the following inscription, in bold faced lettering: **“SECOND NOTICE DELIVERED PURSUANT TO ARTICLE 14 OF LEASE - FAILURE TO TIMELY RESPOND WITHIN THREE (3) BUSINESS DAYS SHALL RESULT IN DEEMED APPROVAL OF TRANSFER.”** If Landlord fails to deliver notice of Landlord’s consent, or the withholding of Landlord’s consent, to the Transfer within three (3) business days after Landlord’s receipt of such second notice, Landlord shall be deemed to have approved the Transfer in question Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 Landlord reasonably determines that the character of the business that would be conducted by the proposed Transferee at the Premises, or the manner of conducting such business, would be inconsistent with the character of the Building as a first-class office building;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease or which will have an adverse effect(s) on the Building, or applicable part thereof; or

14.2.3 The Transferee is either a governmental agency or instrumentality thereof.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2, Tenant may within six (6) months after Landlord's consent, but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any material changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, or (ii) which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14. Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a suit for contract damages (other than damages for injury to, or interference with, Tenant's business including, without limitation, loss of profits, however occurring) or declaratory judgment and an injunction for the relief sought, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed Transferee. In the event that Tenant or such proposed Transferee is the prevailing party in an action brought pursuant to the foregoing sentence, Tenant or such proposed Transferee shall also be entitled to an award of reasonable attorneys' fees and court costs.

14.3 **Transfer Premium.** If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined in this Section 14.3, received by Tenant from such Transferee, after Tenant's deduction therefrom of (i) all reasonable brokerage commissions paid by Tenant to third parties not affiliated with Tenant in order to obtain the Transfer in question, (ii) the attorneys' fees reasonably incurred by Tenant in connection with the Transfer in question, (iii) the costs of any improvements by Tenant to the applicable portion of the Premises that are made in order to obtain the Transfer in question (i.e. specifically for the benefit of the Transferee (and not Tenant) or to attract such Transferee to lease or sublease the applicable part of the Premises) or any tenant improvement allowance provided by Tenant to the Transferee, and (iv) any attorneys' fees or review and processing fees charged by Landlord to Tenant in connection with the Transfer in question as provided in Section 14.1 above. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer (excluding to a Permitted Transferee) in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred. "**Transfer Premium**" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, any debt relief benefiting Tenant in connection with such Transfer, and any payment in excess of fair market value (a) for services rendered by Tenant to Transferee or (b) for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. The determination of the amount of Landlord's applicable share of the Transfer Premium shall be made on a monthly basis as rent or other consideration is received by Tenant under the Transfer.

#### 14.4 **Intentionally Omitted.**

14.5 **Effect of Transfer.** If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space.

14.6 **Additional Transfers.** Subject to Section 14.8 below, for purposes of this Lease, the term "**Transfer**" shall also include (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, or transfer of fifty percent (50%) or more of partnership interests (at any one time or in the aggregate), or the dissolution of the partnership without immediate reconstitution thereof or (ii) if Tenant is a closely held corporation (*i.e.*, whose stock is not publicly held and not traded through an exchange or over the counter) or a limited liability company, the dissolution, merger, consolidation or other reorganization of Tenant or the sale or other transfer of fifty percent (50%) or more of the voting shares or membership interests of Tenant at any one time or in the aggregate (other than to immediate family members by reason of gift or death). The foregoing notwithstanding, the sale or transfer of any or all of the capital stock of a corporation, the capital stock of which is now or hereafter becomes publicly traded, shall not be deemed an assignment of this Lease.

14.7 **Occurrence of Default.** Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the subject space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in Default under this Lease, Landlord is hereby irrevocably authorized to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

14.8 **Permitted Transfers.** Notwithstanding anything to the contrary contained in this Lease, (A) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (*i.e.*, an entity which is controlled by, controls, or is under common control with, Tenant as of the date of this Lease), (B) an assignment of this Lease or a sublease of all or portion of the Premises to an entity which acquires all or a substantial portion of the assets of Tenant, or (C) an assignment of the Lease to an entity which is the resulting entity of a merger or consolidation of Tenant during the Lease Term, shall not be deemed a Transfer requiring Landlord's consent under this Article 14 (any such assignee or sublessee described in items (A) through (C) of this Section 14.8 hereinafter referred to as a "**Permitted Transferee**"), provided that (i) Tenant notifies Landlord at least ten (10) days prior to the effective date of any such assignment or

sublease and promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such Transfer or Permitted Transferee as set forth above, (ii) Tenant is not in Default, beyond the applicable notice and cure period, and such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (iii) such Permitted Transferee shall be of a character and reputation consistent with the quality of the Building, (iv) with respect to any assignment or sublease referred to in clause (B) or (C) above, such Permitted Transferee shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles (“**Net Worth**”) at least equal to the Net Worth of Tenant on the day immediately preceding the effective date of such assignment or sublease and Tenant or the Permitted Transferee also have a market cap of at least Two Billion and 00/100 Dollars on the day immediately preceding the effective date of such assignment or sublease, (v) no assignment or sublease relating to this Lease, whether with or without Landlord’s consent, shall relieve Tenant from any liability under this Lease, and (v) the liability of such Permitted Transferee in the event of an assignment shall be joint and several with Tenant. “**Control**,” as used in this Section 14.8, shall mean the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of more than fifty percent (50%) of the voting interest in, any person or entity. An assignee of Tenant’s interest under this Lease pursuant to this Section 14.8 is referred to as a “**Permitted Assignee**”.

## ARTICLE 15

### SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 **Surrender of Premises.** No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant.** Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15 and Tenant’s removal and restoration obligations set forth in Section 8.2 and Section 8.5 above, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear, casualty damage and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, business and trade fixtures, free-standing cabinet work, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

## **ARTICLE 16**

### **HOLDING OVER**

If Tenant shall remain in possession of all or any portion of the Premises after the expiration of the Term or the sooner termination of this Lease without the written consent of Lessor (which consent may be granted or withheld at the sole discretion of Landlord), such holding over shall constitute a tenancy at sufferance and in such case Base Rent shall be payable at a monthly rate equal to the product of (i) the Base Rent applicable during the last rental period of the Lease Term under this Lease, and (ii) a percentage equal to 150%, and such occupancy shall be otherwise on the terms and provisions of this Lease so far as the same are applicable, and Tenant shall be subject to summary eviction without demand or notice; provided, however, in no event shall any renewal or expansion option or other similar right or option set forth in this Lease (if any) be deemed applicable to any such tenancy at sufferance. No holdover by Lessee or payment by Lessee after the expiration or earlier termination of this Lease shall be construed to extend the Term or prevent Landlord from immediate recovery of possession of the Premises by summary proceedings or otherwise. If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with the express written consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Base Rent shall be payable at a monthly rate equal to the product of (i) the Base Rent applicable during the last rental period of the Lease Term under this Lease, and (ii) a percentage equal to 110%. Such month-to-month tenancy and any period of holding over by Tenant shall be subject to every other applicable term, covenant and agreement contained herein. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease and such failure continues for more than thirty (30) days after written notice thereof from Landlord, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom. The provisions of this Article 16 shall survive the expiration or earlier termination of this Lease.

## **ARTICLE 17**

### **ESTOPPEL CERTIFICATES**

17.1 **Estoppel Certificates.** Within ten (10) business days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of **Exhibit E**, attached hereto (or such other form as may be reasonably required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. In addition, at Landlord's request, Tenant shall cause Guarantor (if any) to execute and deliver to Landlord an estoppel certificate addressed to Landlord, any mortgagee or prospective mortgagee, or any prospective purchaser, executed by an authorized officer of Guarantor and certifying (a) that any Guaranty of Lease is unmodified and in full force and effect and (b) to such other matters as Landlord may reasonably request.

17.2 **Financial Statements.** Within ten (10) business days after Landlord's request (but no more often than twice each year), provided Landlord signs Tenant's commercially reasonable confidentiality agreement, Tenant shall deliver to Landlord (and any prospective purchaser or mortgagee of the Building) the then current financial statements of Tenant (including a balance sheet and profit and loss statement for the most recent prior fiscal year for which annual statements are available and financial statements for interim periods following the end of the last fiscal year for which annual statements are available), together with a certificate of Tenant's auditor (or if audited financial statements are not available, then a certificate of Tenant's Chief Financial Officer, General Partner or Managing Member) to the effect that such financial statements were prepared in accordance with generally accepted accounting principles consistently applied and fairly present the financial condition and operations of Tenant for, and as of the end of, such fiscal year. The provisions of this paragraph shall not apply during any period that Tenant or its parent is listed on a nationally recognized stock exchange or during any period that Guarantor is listed on a nationally recognized stock exchange provided that a breakout of Tenant (and Guarantor) entity financials are included in the public disclosures.

## **ARTICLE 18**

### **SUBORDINATION**

This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds collectively, "**Encumbrances**"), unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases (collectively, "**Encumbrancers**"), require in writing that this Lease be superior thereto. As of the date of execution of this Lease, Landlord represents that there is no secured mortgage or deed of trust or ground lease encumbering the Building or Project. In consideration of, and as a condition precedent to Tenant's agreement to subordinate this Lease to any future Encumbrances, Landlord shall obtain and deliver to Tenant, provided that Tenant is not then in Default under this Lease, a commercially reasonable subordination, non-disturbance and attornment agreement executed by Landlord and the then current Encumbrancer. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever (including without limitation, any liability for the previous Landlord's acts or omissions other than defaults of a continuing nature which the successor Landlord has notice of and an opportunity to cure in accordance with the terms of this Lease, any rent prepaid to the previous Landlord more than thirty (30) days in advance of the due date thereof unless actually received, or any modifications to the Lease made without the consent of the Building's mortgagee or ground lessor (as applicable), to the extent such consent was required under the applicable mortgage or ground lease), to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor shall agree to accept this Lease and become Landlord hereunder and not disturb Tenant's occupancy, so long as Tenant timely pays the rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within ten (10) business days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely

affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

## ARTICLE 19

### DEFAULTS; REMEDIES

19.1 **Events of Default.** The occurrence of any of the following shall constitute a default of this Lease by Tenant (“**Default**”):

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within five (5) business days after notice; or

19.1.2 Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant (other than those referred to in any other subsection of this Section 19.1) where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default; or

19.1.3 Intentionally Omitted; or

19.1.4 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than three (3) business days after notice from Landlord; or

19.1.5 A general assignment by Tenant for the benefit of creditors of Tenant, the liquidation of Tenant, any action or proceeding commenced by Tenant under any insolvency or bankruptcy act or under any other statute or regulation for protection from creditors, or any such action commenced against Tenant and not discharged within thirty (30) days after the date of commencement; the employment or appointment of a receiver or trustee to take possession of all or substantially all of Tenant's assets or the Premises that remains undismissed for ten (10) business days; the attachment, execution or other seizure of all or substantially all of Tenant's assets or the Premises, if such attachment or other seizure remains undismissed or undischarged for a period of ten (10) business days after the levy thereof; the admission by Tenant in writing of its inability to pay its debts as they become due; or the filing by Tenant of a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, the filing by Tenant of an answer admitting or failing timely to contest a material allegation of a petition filed against Tenant in any such proceeding or, if within thirty (30) days after the commencement of any such proceeding against Tenant, such proceeding is not dismissed; or

19.1.6 Any failure by Guarantor, if any, to observe or perform any provisions, covenant or condition of the Guaranty to be observed or performed by Guarantor, where such failure continues for ten (10) days after written notice thereof from Landlord to Guarantor.

Tenant agrees that any notice given by Landlord pursuant to Sections 19.1.1, 19.1.2 or 19.1.4 above shall satisfy the requirements for notice under California Code of Civil Procedure Section 1161, et. seq., and Landlord shall not be required to give any additional notice in order to be entitled to commence an

unlawful detainer proceeding, as long as any such notice given to Tenant is prepared and served upon Tenant in accordance with such statute.

19.2 **Remedies Upon Default.** Upon the occurrence of any Default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, in accordance with Applicable Laws, enter upon and take possession of the Premises and expel or remove Tenant to the extent permitted by applicable law, and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

- (i) The worth at the time of award of the unpaid rent which has been earned at the time of such termination;  
plus
- (ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;  
plus
- (iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus
- (iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom; and
- (v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Section 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any Default by Tenant beyond the notice and grace periods set forth herein, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2, above, or any law or other provision of this Lease), without prior demand or notice except as

required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.3 **Subleases of Tenant.** If Landlord elects to terminate this Lease on account of any Default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder. All amounts received by Landlord shall be creditable against amounts owed by Tenant.

19.4 **Form of Payment After Default.** Following the occurrence of three (3) monetary or financial events of Default by Tenant in any twelve (12) consecutive month period, Landlord shall have the right to require either or both of the following: (i) that all subsequent amounts required to be paid by Tenant to Landlord pursuant to this Lease, be paid in advance on a quarterly basis, and/or (ii) that any or all subsequent amounts paid by Tenant to Landlord hereunder, whether to cure the default in question or otherwise, be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other means approved by Landlord, notwithstanding any prior practice of accepting payments in any different form.

19.5 **Efforts to Relet.** No re-entry or repossession, repairs, maintenance, changes, alterations and additions, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant.

19.6 **Default by Landlord.** Notwithstanding anything to the contrary set forth in this Lease, Landlord shall not be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease unless Landlord fails to perform such obligation within thirty (30) days after the receipt by Landlord of written notice from Tenant specifying in detail Landlord's alleged failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it commences such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. In no event, other than in the event of a constructive eviction, shall Tenant have a right to terminate or rescind this Lease as a result of Landlord's failure to perform any covenant or agreement contained in this Lease. In the absence of a constructive eviction by Landlord, Tenant hereby waives such remedies of termination and rescission and hereby agrees that Tenant's remedies for Landlord's default hereunder shall be limited to a suit for damages and/or injunction.

19.6.1 **Self-Help Remedy.** If (i) Landlord fails to perform any of its maintenance or repair obligations under Section 7.2 of this Lease with respect to the Premises or Building within the time period set forth in Section 19.6 above, including, the cure period set forth in such Section 19.6 above (except in case of emergency posing an immediate threat to persons or property, in which case no prior notice shall be required), Tenant gives Landlord a second notice of such failure following the expiration of the cure period set forth in Section 19.6 above and Landlord does not cure such failure within five (5) business days following Landlord's receipt of such second notice, then Tenant shall be entitled, in addition to its other remedies, to cure Landlord's failure and, in such event, Landlord will, within thirty (30) days following Landlord's receipt of a written invoice from Tenant and reasonable backup documentation evidencing the expenses incurred by Tenant, reimburse Tenant for Tenant's reasonable expenses incurred in curing

Landlord's failure. If Landlord fails to reimburse Tenant for such reasonable expenses within thirty (30) days from receipt of Tenant's written demand therefor and invoice and backup documentation referred to above, Tenant may deduct the amount of such reasonable expenses from the next accruing amounts of Base Rent due under this Lease until Tenant is fully reimbursed such reasonable expenses; provided, however, such deduction in any particular month shall not exceed twenty percent (20%) of the amount of Base Rent payable by Tenant under this Lease during such applicable month.

## **ARTICLE 20**

### **COVENANT OF QUIET ENJOYMENT**

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, in each case within applicable notice and cure periods, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

## **ARTICLE 21**

### **SECURITY DEPOSIT**

21.1 **Security Deposit.** Concurrently with the execution of this Lease, Tenant shall pay to Landlord the sum contained in Section 8 of the Summary of Basic Lease Information as the Security Deposit (the "**Security Deposit**"), which shall be held by Landlord as security for the timely and faithful performance by Tenant of all of the provisions of this Lease to be performed or observed by Tenant. Upon the occurrence of a Default (as defined in Section 19.1 above), Landlord may use, apply or retain all or any portion of the Security Deposit for the payment of any Rent in default, or for the payment of any other sum incurred by Landlord by reason of such Default, or to compensate Landlord for any loss or damage which Landlord may suffer by reason of such Default; and Tenant hereby agrees that the Security Deposit may be applied against, among other things, delinquent rents accruing prior to the termination of this Lease and future rent damages under California Civil Code Section 1951.2. If Landlord so uses or applies all or any portion of the Security Deposit, Tenant shall, within ten (10) days after written demand by Lessor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its full original amount, as the same may be reduced pursuant to the terms of Section 21.3 below. and Tenant's failure to do so shall constitute a Default under this Lease. Landlord shall not be required to keep the Security Deposit separate from its general accounts. No interest shall accrue on or be payable to Tenant with respect to the Security Deposit. The Security Deposit, or so much thereof as has not been applied by Landlord as provided in this Lease, shall be returned to Tenant (or, at Landlord's option, to the last assignee, if any, of Tenant's interest under this Lease) within thirty (30) days following the expiration of the Term, and after Tenant has vacated the Premises and surrendered the Premises. No trust relationship is created herein between Landlord and Tenant with respect to the Security Deposit. Tenant waives the provisions of California Civil Code Section 1950.7 (and the restrictions on Lessor's use of a security deposit as set forth in such Section 1950.7) and any other present or future law, statute or ordinance regarding security deposits held under commercial leases, and agrees that the provisions of this Section 21.1 (and Section 21.1 below, as applicable) shall solely govern the rights and obligations of Landlord and Tenant regarding the cash Security Deposit.

21.2 **Letter of Credit.** Notwithstanding provisions of Section 21.1 above, in lieu of paying the Security Deposit in cash, or if Tenant desires to convert such cash Security Deposit to a letter of credit to be provided to Landlord, Tenant may deliver to Landlord an irrevocable, unconditional, transferable,

standby letter of credit running in favor of Landlord issued by a bank satisfactory to Landlord in its reasonable discretion in the amount of the Security Deposit. Landlord hereby approves Wells Fargo Bank and HSBC, respectively, as an issuer of such letter of credit. The letter of credit shall be irrevocable for one (1) year and shall provide that it is automatically renewable for one (1) year periods ending not earlier than one hundred (100) days after the expiration of the Term of this Lease, as the same may be extended, without any action whatsoever on the part of Landlord; provided that the issuing bank shall have the right not to renew said letter of credit on written notice to Landlord received by Landlord not less than one hundred (100) days prior to the expiration of the then current term thereof (it being understood, however, that the privilege of the issuing bank not to renew said letter of credit shall not, in any event, diminish the obligation of Tenant to maintain such irrevocable letter of credit with Landlord through the date which is sixty (60) days after the date of Landlord's receipt of such notice). In the event the issuing bank elects not to renew the letter of credit, Tenant shall provide Landlord with a substitute letter of credit which meets all of the criteria contained herein. No fees applicable to the letter of credit shall be charged to Landlord.

The form and terms of the letter of credit shall be acceptable to Landlord in all respects in Landlord's reasonable discretion and shall provide, among other things, in effect that:

1. Landlord, or its agent, member, manager, partner or other authorized party shall have the right to draw down an amount up to the face amount of the letter of credit upon the presentation to the issuing bank of a sight draft only in the form attached hereto as Exhibit I and incorporated herein by reference, which sight draft shall include a statement that such amount is due to Landlord or its then lender under the terms and conditions of this Lease.

2. The letter of credit shall permit partial draws and provide that draws thereunder will be honored upon presentation by Landlord without conditions at a location in Santa Clara County or by facsimile.

3. The letter of credit will be honored by the issuing bank without inquiry as to the accuracy thereof and regardless of whether Tenant disputes the content of such statement.

4. In the event of a transfer of Landlord's interest in the Lease, Landlord shall have the right to transfer the letter of credit to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of said letter of credit to a new Landlord.

If, as a result of any draw on the letter of credit the Security Deposit evidenced by the letter of credit shall be reduced, Tenant shall, within ten (10) days thereafter, provide Landlord with additional letter(s) of credit in the form required hereunder and issued by a bank acceptable to Landlord in its reasonable discretion (with Wells Fargo Bank and HSBC, respectively, being an issuer approved by Landlord) in an amount equal to the deficiency so that the letter(s) of credit shall be in the aggregate amount of the original Security Deposit, as the same is reduced pursuant to the terms of Section 21.3 below, if applicable. Tenant's failure to timely deliver such new letter(s) of credit shall be a Default by Tenant (or default) under this Lease and shall entitle Landlord to draw upon the balance of the letter of credit in full and retain the cash proceeds thereof in accordance with Section 21.1. Landlord shall not be required to keep any such amount separate from its general funds and Tenant shall not be entitled to interest on such funds.

If Tenant breaches or fails to perform any obligation or covenant under or of this Lease beyond applicable notice and cure periods, including, but not limited to, the payment of monthly Base Rent, Tenant's Share of Direct Expenses or other Additional Rent, Landlord may (but shall not be required to) draw upon all or any part of the letter of credit required to cure such default and/or to compensate Landlord

as provided below and use, apply, or retain all or any part of the cash proceeds thereof for the payment of any sums in default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. The letter of credit, and/or any cash proceeds thereof, then held by Landlord shall be returned to Tenant (or any assignee of Tenant), not later than thirty (30) days after this Lease has expired or earlier terminated and Tenant (and all persons and entities claiming an interest in the Premises by, under or through Tenant) have vacated the Premises, provided that subsequent to the expiration or earlier termination of this Lease, Landlord may draw upon the letter of credit and retain therefrom sums in default or breach by Tenant under this Lease, and/or amounts to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default or breach, including, without limitation, (a) any and all amounts permitted by California Civil Code Section 1950.7, and (b) such sums as Landlord reasonably estimates will thereafter become due by reason of Tenant's default or breach, if any, under this Lease. Tenant hereby waives the provisions of California Civil Code Section 1950.7, and all other provisions of law now or hereafter in force, that provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant, or to clean the Premises.

Any amount drawn under the letter of credit and not utilized by Landlord for the purposes permitted by Section 21.1 or Section 21.2 above shall be held as collateral for Tenant's obligations under the Lease in accordance with Section 21.1 above pertaining to a cash Security Deposit.

Without limiting the generality of the foregoing, if the letter of credit expires earlier than one hundred (100) days after the expiration of the Term, or the issuing bank notifies Landlord that it shall not renew the letter of credit, Landlord will accept a renewal thereof or substitute letter of credit (such renewal or substitute letter of credit to be in effect and delivered to Landlord not later than thirty (30) days prior to the expiration of the letter of credit then held by Landlord), irrevocable and automatically renewable as above provided to one hundred (100) days after expiration of the Term of this Lease, as the same may be extended, upon the same terms as the expiring letter of credit or such other terms as may be acceptable to Landlord. Such replacement or substitute letter of credit shall be in a form and issued by a bank meeting the requirements above. However, (a) if the letter of credit is not timely renewed or a substitute letter of credit is not timely received, or (b) if Tenant fails to maintain the letter of credit in the amount and terms set forth in this Section 21.2, Tenant, at least thirty (30) days prior to the expiration of the letter of credit, or immediately upon its failure to comply with each and every term of this Section 21.2 must deposit with Landlord a substitute letter of credit in a form and from a bank or other financial institution acceptable to Landlord in its reasonable discretion (with Wells Fargo Bank and HSBC, respectively, being an approved issuer of the substitute letter of credit) in the amount of the Security Deposit required by this Lease. The letter of credit shall be held subject to and in accordance with, all of the terms and conditions set forth in this Section 21.2. In the event Tenant does not timely deposit with Landlord the substitute letter of credit, Landlord, or its agent, member, manager, partner or other authorized party may present the current letter of credit to the issuing bank, in accordance with the terms of this Section 21.2 and the entire sum secured thereby shall be paid to Landlord.

If the bank that issued the letter of credit then held by Landlord enters into any form of regulatory or governmental receivership or other similar regulatory or governmental proceeding, including any receivership instituted or commenced by the Federal Deposit Insurance Corporation ("FDIC"), or is otherwise declared insolvent or downgraded the FDIC, then Tenant shall deliver to Landlord a substitute letter of credit in form that complies with this Section 21.2 and amount of the initial letter of credit and from a banking institution acceptable to Landlord in its reasonable discretion within fifteen (15) business days following the date the bank that issued the letter of credit then held by Landlord enters into any form of regulatory or governmental receivership or other similar regulatory or governmental proceeding, including any receivership instituted or commenced by the FDIC, or is otherwise declared insolvent or downgraded by the FDIC. In the event Tenant does not timely deposit with Landlord the substitute letter of

credit referred to in the immediately preceding sentence, Landlord, or its agent, member, manager, partner or other authorized party may present the current letter of credit to the issuing bank, in accordance with the terms of this Section 21.2 and the entire sum secured thereby shall be paid to Landlord.

Tenant agrees that Landlord shall have the right to pledge any letter of credit received by it hereunder or otherwise grant a security interest therein to Landlord's lender, and shall have the right to deliver the letter of credit or all or any portion of the proceeds of such letter of credit to Landlord's lender in connection therewith, provided such letter of credit (or proceeds thereof) shall only be used in accordance with, and shall continue to be governed by, the terms and provisions of this Section 21.2. At Landlord's election, the letter of credit may name Landlord's lender as a beneficiary, or as a co-beneficiary with Landlord and/or may require that Landlord's lender sign the certification required to be presented for any draw against the letter of credit and shall contain such other provisions reasonably requested by Landlord or Landlord's lender. In addition, upon termination or transfer of Landlord's interest in this Lease, within ten (10) business days after request by Landlord or Landlord's successor, upon assumption by such transferee in writing of all Landlord's obligations hereunder first accruing from and after the effective date of such transfer, Tenant shall, as Landlord or Landlord's successor shall request, either cause the letter of credit to be amended to name Landlord's successor as the party entitled to draw down on the letter of credit subject to the terms and conditions of this Section 21.2 and deliver such amendment to the requesting party, or shall obtain and deliver to the requesting party a new letter of credit meeting the requirements of this Section 21.2, naming Landlord's successor as the party entitled to draw down on the letter of credit subject to the terms and conditions of this Section 21.2. At Landlord's election, within ten (10) business days after request by Landlord, Tenant shall either cause the letter of credit to be amended to name Landlord's lender as the beneficiary, or as a co-beneficiary with Landlord, and/or as a cosigner of any certification presented for a draws down of the letter of credit, and to incorporate other changes to the letter of credit reasonably requested by Landlord's lender which do not alter or increase in any material respect Tenant's obligations under this Section 21.2 or in connection with the letter of credit, or shall obtain a new letter of credit to effectuate such changes and otherwise meeting the requirements of this Section 21.2 above. Any reasonable fee due in connection with the transfer of Landlord's rights as beneficiary under the letter of credit to a successor Landlord or to Landlord's lender, or in connection with an amendment to, or substitution of, a letter of credit, shall be paid by Tenant to the financial institution owed such fee upon demand. If Tenant fails to execute any documents necessary to transfer the letter of credit to Landlord's successor-in-interest or Landlord's lender within ten (10) business days after Landlord's written request therefor, Landlord may draw upon the letter of credit and transfer the cash proceeds thereof to Landlord's successor-in-interest or lender to be held as collateral for Tenant's performance hereunder and applied, if applicable, in accordance with and subject to the terms and conditions of this Section 21.2. Tenant agrees that Landlord shall be released from liability for the return of the letter of credit or the unapplied cash proceeds thereof or any accounting of such proceeds upon a transfer of the letter of credit or unapplied cash proceeds thereof to Landlord's successor-in-interest or lender in accordance with the foregoing procedure provided the transferee assumes in writing all Landlord's obligations hereunder first accruing from and after the effective date of such transfer.

21.3 Reduction in Cash Security Deposit or Letter of Credit. Notwithstanding the foregoing, so long as no Default by Tenant exists under the Lease, the Security Deposit or Letter of Credit, as the case may be, shall be reduced by Two Hundred Fifty Thousand Seven Hundred Fifty-Nine Thousand and 37/100 Dollars (\$250,759.37) to One Hundred Eighty-Three Thousand Two Hundred Seventy-Three and 13/100 Dollars (\$183,273.13) if at any time during the Lease Term Tenant has four (4) consecutive quarters of non-GAAP profitability; provided, however, in no event shall the effective date of such reduction in the amount of the Security Deposit or Letter of Credit occur prior to the expiration of the third (3<sup>rd</sup>) year of the initial Lease Term. Prior to reducing the Security Deposit or Letter of Credit, as the case may be, as provided immediately above, Tenant shall produce evidence reasonably satisfactory to Landlord that the events triggering reduction of the Security Deposit or Letter of Credit have occurred. For purposes of this

Section 21.3, non-GAAP profit or loss excludes the impact of stock-based compensation, acquisition-related costs and restructuring expense adjusted for the associated tax impact (which includes the effect of any benefits or shortfalls recognized), and the impact of changes in valuation allowance on deferred tax assets, as described in Tenant's publicly-disseminated quarterly earnings release.

## ARTICLE 22

### GUARANTY OF LEASE

**Intentionally Omitted.**

## ARTICLE 23

### SIGNS

23.1 **General.** Except as otherwise expressly provided in Section 23.2 and Section 23.3 below or in the immediately following sentence, Tenant shall not place or permit to be placed any sign, logo, picture, advertisement or decoration in or on the Common Areas or the exterior or roof of the Building or that would be visible from the exterior of the Building or Premises, without the prior written consent of Landlord, which consent may be given or withheld in Landlord's reasonable discretion. Tenant may place "for lease" signs in connection with efforts to assign or sublease the Premises, subject to the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed; provided that all such signs, logos, pictures, advertisements or decorations shall be removed not later than the one hundred eightieth (180th) day prior to the expiration or earlier termination of this Lease. In no event shall any such sign, logo, picture, advertisement or decoration revolve, rotate, move or create the illusion of revolving, rotating or moving or be internally illuminated and there shall be no exterior spotlighting or other illumination on any such sign, logo, picture, advertisement or decoration. Tenant, upon written notice by Landlord, shall immediately remove any of Tenant's signs, logos, pictures, advertisements or decorations that are visible from the exterior of the Building or Premises or that Tenant has placed or permitted to be placed in or on the Common Areas or the exterior or roof of the Building without the prior written consent of Landlord, or which are "for lease" signs and remain beyond the one hundred eightieth (180th) day prior to the expiration or earlier termination of this Lease. If Tenant fails to so timely remove such sign, logo, picture, advertisement or decoration within five (5) days after Landlord's written notice, Landlord may enter the Premises and Building (or Common Areas) and remove such sign, logo, picture, advertisement or decoration and Tenant shall pay Landlord, as Additional Rent upon demand, the cost of such removal. All signs, logos, pictures, advertisements and/or decorations placed on the Premises, Building or Common Areas by Tenant shall comply with any Master Signage Program that Landlord then has in effect, all recorded documents affecting the Premises, and applicable statutes, ordinances, rules and regulations of the City of Santa Clara ("City") and all other governmental agencies having jurisdiction thereof. At Landlord's option, Tenant shall at the expiration or earlier termination of this Lease remove any sign, logo, picture, advertisement or decoration which Tenant has placed, or caused to be placed, on the Premises, Building and/or Common Areas, and shall, at its sole cost, repair any damage caused by the installation or removal of such sign, logo, picture, advertisement or decoration.

### 23.2 **Exterior Signage.**

23.2.1 In accordance with terms of the Tenant Work Letter or as Alterations in accordance with Article 8, Tenant, at Tenant's sole cost and expense, shall have the exclusive right to install building top signage on the exterior of the Building facing each of Tasman Drive and Old Ironsides, identifying the name and/or logo of Tenant (the "**Exterior Building Signage**"). Landlord shall have no sign rights with respect to the Building. The location, graphics, materials, color, design, lettering, size, quality and

specifications of the Exterior Building Signage shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed; if Landlord has a Master Signage Program in effect at the time of Tenant's request, then the proposed Exterior Building Signage shall be consistent with Landlord's Master Signage Program. The Exterior Building Signage shall also comply with and be subject to all Applicable Laws, including, but not limited to, all requirements of the City (and/or other applicable governmental authorities having jurisdiction); provided, however, that in no event shall the approval by the City (or other applicable governmental authorities) of the Exterior Building Signage be deemed a condition precedent to the effectiveness of this Lease, and if such approval is not obtained, Landlord's and Tenant's other obligations under this Lease shall not be affected thereby. Landlord shall, at no cost to Landlord, reasonably cooperate with Tenant in obtaining applicable permits from the City in connection with the installation of the Exterior Building Signage. Tenant shall, at its sole cost and expense, maintain the Exterior Building Signage in good condition and repair. Landlord hereby approves the Exterior Building Signage as shown on Exhibit G hereto.

23.2.2 Upon the expiration or earlier termination of the Lease, as amended hereby, Tenant shall remove the Exterior Building Signage, at Tenant's sole cost and expense and repair and restore to good condition the areas of the Building on which the Exterior Building Signage was located or that was otherwise affected by such signage or the removal thereof, reasonable wear and tear excepted, or at Landlord's election with prior written notice thereof to Tenant, Landlord may perform any such removal and/or repair and restoration and Tenant shall pay Landlord the actual and reasonable cost thereof within thirty (30) days after Landlord's demand from time to time.

23.3 **Monument Signage.** Tenant, at Tenant's sole cost and expense, shall have the right to place its name and/or logo on the existing monument sign situated near the corner of Old Ironsides Drive and Bunker Hill Lane (the "**Monument Sign**"). Tenant's name and/or logo placed on the Monument Sign shall be in the fourth (4<sup>th</sup>) spot from the top of the Monument Sign, or higher if its available. The design, size and color of the signage with Tenant's name to be included on the Monument Sign and the manner in which it is attached to the Monument Sign, shall be subject to the reasonable approval of Landlord and all applicable governmental authorities (including the City), and Landlord shall have the right to require that all names on the Monument Sign be of the same size and style and made out of the same materials (i.e., brushed aluminum). Although the Monument Sign will be maintained by Landlord, in a manner reasonably satisfactory to Landlord, Tenant shall pay the cost of any maintenance, repair and replacement associated with Tenant's use of the Monument Sign. Upon the expiration or earlier termination of the Lease, Landlord, at Tenant's sole cost and expense, payable as Additional Rent within thirty (30) days after demand thereof, shall have the right to remove Tenant's signage from the Monument Sign and restore the Monument Sign to the condition it was in prior to the installation of Tenant's signage thereon, ordinary wear and tear excepted.

## **ARTICLE 24**

### **COMPLIANCE WITH LAW**

Tenant shall not do anything or allow its agents, employees or contractors to do anything in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance, order, judgment, decree or other governmental rule, regulation or requirement or permit conditions or requirements of any court or any governmental or quasi-governmental authority, department, commission, agency or board now in force or which may hereafter be enacted or promulgated, including, without limitation, the Americans With Disabilities Act (42 U.S. C. §1201 et seq.) and Title 24 of the California Code of Regulations and all regulations and guidelines promulgated thereunder (collectively, "**Applicable Laws**"). At its sole cost and expense, Tenant shall promptly comply with any Applicable Laws that relate to (i) Tenant's use of the Premises, (ii) Tenant's initial fit-out whether completed by Landlord or not, (iii)

any Alterations made by or for Tenant to the Premises, and any improvements in the Premises, and (iv) the Base Building, but as to the Base Building, only to the extent such obligations are triggered by Alterations made by or on behalf of Tenant to the Premises to the extent such Alterations are not normal and customary business office improvements, or Tenant's use of the Premises for non-general office use. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations with respect to the Premises (exclusive of the Base Building other than as expressly provided above in this Article 24 and exclusive of the Tenant Improvements to be constructed, or caused to be constructed, by Landlord pursuant to the terms of the Tenant Work Letter attached hereto as Exhibit B). Notwithstanding anything to the contrary herein, (i) with respect to the construction of the Tenant Improvements by Landlord pursuant to the Tenant Work Letter attached hereto as Exhibit B, Landlord shall be responsible for constructing, or causing to be constructed, such Tenant Improvements in compliance with all Applicable Laws and (ii) Tenant shall not be required to comply with or cause the Premises to comply with any Applicable Laws or insurance requirements requiring the construction of any Alterations unless and to the extent such compliance is necessitated or triggered due to Tenant's particular use or occupancy of the Premises, Alterations or applications for governmental permits or approvals made by or on behalf of Tenant. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Landlord shall comply with all Applicable Laws relating to the Common Areas and the Base Building, provided that compliance with such Applicable Laws is not the responsibility of Tenant under this Lease. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this Article 24 to the extent not prohibited by the terms of Section 4.2.7 above, and subject to the terms of Section 4.2.7 above, provided such expenses that constitute capital expenditures shall be amortized over the useful life of the relevant improvement as reasonably determined by Landlord.

For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that, to Landlord's actual knowledge, the Premises have not undergone inspection by a Certified Access Specialist (CASp). As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of the foregoing, Landlord and Tenant hereby agree as follows: (a) any CASp inspection requested by Tenant shall be conducted, at Tenant's sole cost and expense, by a CASp designated by Landlord and (b) subject to the terms of Article 24 hereof, Tenant, at its cost, is responsible for making any repairs within the Premises to correct violations of construction-related accessibility standards (except that if there are any violations of construction-related accessibility standards with respect to Landlord's construction of the Tenant Improvements, then Landlord shall be responsible, at no cost to Tenant and without pass-through of costs to Tenant, for curing such violations of construction-related accessibility standards with respect to the Tenant Improvements); and, if Tenant is responsible under Article 24 above for making any repairs to the Building (outside the Premises) to correct violations of construction-related accessibility standards, then Tenant shall, at Landlord's option, either perform such repairs at Tenant's sole cost and expense or reimburse Landlord upon demand, as Additional Rent, for the cost to Landlord of performing such repairs.

## ARTICLE 25

### LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord within five (5) days of when due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any reasonable attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. Notwithstanding the foregoing or the following, Landlord will not assess a late charge or late interest upon Tenant until Landlord has given written notice of such late payment for the first late payment in any twelve (12) month period and after Tenant has not cured such late payment within three (3) days from receipt of such notice. No other notices will be required during the following twelve (12) months for a late charge to be incurred. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within ten (10) days after the date they are due shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) "Prime Rate" (as defined below) plus four (4) percentage points, and (ii) the highest rate permitted by applicable law. As used herein, "Prime Rate" means the prime rate (or base rate) reported in the Money Rates column or section of The Wall Street Journal as being the base rate on corporate loans at large U.S. money center commercial banks (whether or not such rate has actually been charged by any such bank) on the first day on which The Wall Street Journal is published in the month in which the subject sums are payable or incurred, or if such rate is no longer published, then such comparable index as reasonably determined by Landlord.

## ARTICLE 26

### LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 **Landlord's Cure.** All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in Section 19.1 of this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 **Tenant's Reimbursement.** Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to documented expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) subject to Section 29.21, sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all reasonable legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

## ARTICLE 27

### ENTRY BY LANDLORD

Landlord (for itself and for its authorized agents, employees, contractors and designees) reserves the right at all reasonable times and upon reasonable notice (of at least one (1) business day) to Tenant (except in the case of an emergency in which no such prior notice need be given to Tenant) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, or to current or prospective mortgagees, ground or underlying lessors or insurers or, during the last six (6) months of the Lease Term, to prospective tenants; (iii) post notices of nonresponsibility; or (iv) repair the Premises or the Building or the Building's systems and equipment or to obtain access to the roof, or to perform routine services required of Landlord, or for structural repairs to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this Article 27, Landlord may enter the Premises at any time to (A) take possession due to any breach of this Lease in the manner provided herein; (B) perform any covenants of Tenant which Tenant fails to perform after required notice and cure periods have expired; and/or (C) to provide recurring services (scheduled daily or at other preset times). Landlord may make any such entries without the abatement of Rent, except as otherwise provided in this Lease, and may take such reasonable steps as required to accomplish the stated purposes. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by entry as permitted herein, provided, however that Landlord shall not unreasonably interfere with the Tenant's business operations in the Premises and shall comply with Tenant's reasonable security measures. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

## ARTICLE 28

### TENANT PARKING

Commencing on the Delivery Date and continuing to the end of the Lease Term, as the same may be extended, Tenant and/or its employees or visitors shall have the right, at no additional charge or fee to Tenant, to use up to the amount of unassigned parking spaces set forth in Section 9 of the Summary that are located within the Project, including the non-exclusive right to use all electrical vehicle chargers to the extent owned by Landlord (and not installed by another tenant for its exclusive use) located in the parking areas, including the existing electrical vehicle chargers in front of 3003 Tasman Drive and as provided in Section 29.38. In addition to the unassigned parking spaces allocated to Tenant as set forth in Section 9 of the Summary, Tenant and its visitors also shall have during the Lease Term, as the same may be extended, the exclusive right to park in five (5) reserved parking stalls located near the entry to the Premises as shown on Exhibit H. At Landlord's sole cost, prior to the Delivery Date, Landlord shall install signage indicating that such five (5) parking spaces are reserved for Tenant's visitors exclusive use throughout the Lease Term, as the same may be extended; however, Landlord shall not be obligated to patrol, monitor or police such five (5) exclusive parking spaces to ensure the exclusive use of the same by Tenant and its visitors, but promptly upon Tenant's written request, shall reasonably cooperate with Tenant, at Tenant's cost, to enforce Tenant's rights. The foregoing notwithstanding, Tenant, however, shall be responsible for the full amount of any taxes imposed by any governmental authority in connection with the use of such parking spaces

allocated to Tenant. Tenant shall abide by all reasonable, non-discriminatory rules and regulations which are prescribed from time to time for the orderly operation and use of the parking areas within the Project, including any sticker or other identification system established by Landlord, and cooperate in seeing that Tenant's employees and visitors also comply with such rules and regulations; provided, however, (i) Tenant shall have unimpeded access to the parking area through at least one entry point on a 24 hour/7 days per week basis, including during events held at the nearby stadium, subject to full or partial closures of such parking areas, or applicable part thereof, which may be required from time to time for or due to actual or threatened emergency, governmental or quasi-governmental orders, rules, regulations or restrictions, damage or destruction or condemnation, or other events or circumstances which make it reasonably necessary to temporarily restrict or limit access) and (ii) Landlord may not lease, license or otherwise knowingly allow parking in the spaces adjacent to the Building (other than to Project occupants or tenants (and their employees and invitees) for normal use of their applicable premises or space in the Project) or that would otherwise unreasonably impede Tenant's parking rights or allow tailgating in the Project parking lot. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Project parking areas (including, without limitation, the parking structure located within the Project) at any time and Tenant acknowledges and agrees that Landlord may without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, close-off or restrict access to the parking areas within the Project for purposes of permitting or facilitating any such construction, alteration or improvements provided it does not result in an Adverse Event. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord.

## ARTICLE 29

### MISCELLANEOUS PROVISIONS

29.1 **Terms; Captions.** The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations, limited liability companies or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 **Binding Effect.** Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 **No Air Rights.** No rights to any view or to light or air over any property belonging to third parties are granted to Tenant by this Lease.

29.4 **Modification of Lease.** Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder or unreasonably interfere with Tenant's use of or access to the Premises or Tenant's parking rights, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) business days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within ten (10) business days following the request therefor.

29.5 **Transfer of Landlord's Interest.** Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, provided the transferee assumes all Landlord's obligations under this Lease accruing from and after the effective date of the transfer, Landlord shall automatically be released from all liability under this Lease accruing thereafter and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder accruing after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord first accruing following the effective date of such transfer, including the return of any Security Deposit, and Tenant shall attorn to such transferee.

29.6 **Prohibition Against Recording.** Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 **Landlord's Title.** Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 **Relationship of Parties.** Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Application of Payments.** Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant then due hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.10 **Time of Essence.** Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity.** If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty.** In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 **Landlord Exculpation.** The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the lesser of the amount of (a) the interest of Landlord in that portion of the Project owned by Landlord or (b) the equity interest Landlord would have in that portion of the Project owned by Landlord if such portion of the Project were encumbered by third-party debt in an amount equal to eighty percent (80%) of the value of such portion of the Project owned by Landlord (as such value is determined in good faith by Landlord), in each case including any rental, condemnation, sales or insurance proceeds received by Landlord or the Landlord

Parties in connection with the Project, Building or Premises. Neither Landlord (in excess of the amount in the preceding sentence), nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, members, managers, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner or member of Landlord (if Landlord is a partnership or limited liability company), or any present or future shareholder of Landlord (if Landlord is a corporation) or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for any indirect, special, punitive or consequential damages or any injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.14 **Entire Agreement.** It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, letters of intent, term sheets, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **Right to Lease.** Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.16 **Force Majeure.** Any prevention, delay or stoppage due to strikes, lockouts, widespread labor disputes, acts of God, acts of war, terrorist acts, inability to obtain services, labor or materials or reasonable substitutes therefor, unusual governmental actions, unusual delay in issuing any building permits for the construction of the Tenant Improvements by Landlord pursuant to the Tenant Work Letter, civil commotions, fire or other casualty, pandemic, epidemic and other similar causes beyond the reasonable control of the party obligated to perform or its agents or contractors, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure; provided the same shall not delay any dates (other than as provided in Section 2.1.1 above) after which Tenant may terminate this Lease or abate rent pursuant to any express terms of this Lease. Anything herein to the contrary notwithstanding, the occurrence of any Force Majeure event shall not excuse Tenant from paying any Rent or any other charges or sums required to be paid by Tenant under this Lease. The occurrence of any Force Majeure event shall not eliminate, modify or diminish any rent abatement provisions set forth in Sections 2.1.1, 6.4 or 19.6.1 or in Articles 11 or 13.

29.17 **Intentionally deleted.**

29.18 **Notices.** All notices, demands, statements, designations, approvals or other communications (collectively, “Notices”) given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested (“Mail”), (B) delivered by a nationally recognized overnight courier, or (C) delivered personally; **provided, however, notices to Tenant must also be sent by email to the following email address: legal-notices@ambarella.com, or such other email address as Tenant shall notify Landlord pursuant to the terms of this Section 29.** Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) business days after the date it is posted if sent by Mail, or (ii) the date the overnight courier delivery is made or (iii) the date personal delivery is made. As of the date of this Lease, any Notices to Landlord must be sent, transmitted, or delivered, as the case may be, to the following addresses:

The Quad Santa Clara, LLC  
c/o South Bay Development Company  
475 Alberto Way, Suite 150  
Los Gatos, CA 95032  
Attn:

and

Berliner Cohen LLP  
10 Almaden Boulevard, Suite 1100  
San Jose, CA 95113  
Attn:

29.19 **Joint and Several.** If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority.** If Tenant is a corporation, limited liability company, trust or partnership, Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so. Landlord hereby represents and warrants that Landlord has the full right and authority to execute and deliver this Lease and that each person signing on behalf of Landlord is authorized to do so

29.21 **Attorneys’ Fees.** In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys’ fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY.** This Lease shall be construed and enforced in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TO THE EXTENT PERMITTED BY

APPLICABLE LAW, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 **Submission of Lease.** Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers.** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. Landlord shall be responsible to pay the Brokers a commission and applicable to this transaction pursuant to a separate agreement between Landlord and the Brokers.

29.25 **Independent Covenants.** This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord except as expressly provided Section 19.6.1 of this Lease.

29.26 **Project or Building Name and Signage.** Landlord shall have the right at any time to change the name of the Project and to install, affix and maintain any and all signs on the exterior of the Project (but not on the Building) as Landlord may, in Landlord's reasonable discretion, desire. Tenant shall not use the words "The Quad @ Tasman" or the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

29.27 **Counterparts.** This Lease may be executed Amendment may be executed and delivered by PDF, email, or DocuSign signatures and in separate counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 **No Press Release.** Neither party shall issue a press release or similar public disclosure of this Lease, except as may be required by Applicable Law or court order, with the prior consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however,

such press release or other similar public disclosure shall not disclose the amount of Base Rent payable under this Lease by Tenant.

29.29 **Development of the Project.**

29.29.1 **Subdivision.** Provided it does not result in an Adverse Event, Landlord reserves the right to further subdivide all or a portion of the Project. Tenant agrees to execute and deliver, upon demand by Landlord and in the form reasonably requested by Landlord, any additional documents needed to conform this Lease to the circumstances resulting from such subdivision.

29.29.2 **The Other Improvements.** If portions of the Project or property adjacent to the Project (collectively, the “**Other Improvements**”) are owned by an entity other than Landlord, provided it does not result in an Adverse Event, Landlord, at its option, may enter into an agreement with the owner or owners of any or all of the Other Improvements to provide (i) for reciprocal rights of access and/or use of the Project and the Other Improvements, (ii) for the common management, operation, maintenance, improvement and/or repair of all or any portion of the Project and the Other Improvements, provided that Tenant’s rights under this Lease are not materially impaired, (iii) for the allocation of a portion of the Direct Expenses to the Other Improvements and the operating expenses and taxes for the Other Improvements to the Project, and (iv) for the use or improvement of the Other Improvements and/or the Project in connection with the improvement, construction, and/or excavation of the Other Improvements and/or the Project. Nothing contained herein shall be deemed or construed to limit or otherwise affect Landlord’s right to convey all or any portion of the Project or any other of Landlord’s rights described in this Lease.

29.29.3 **Construction of Project and Other Improvements.** Tenant acknowledges that portions of the Project and/or the Other Improvements may be subject to demolition or construction following Tenant’s occupancy of the Premises, and that such construction may result in levels of noise, dust, obstruction of access, etc. which are in excess of that present in a fully constructed project. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such demolition or construction, provided, however, that it does not result in an Adverse Event and Tenant shall at all times have a reasonable means of access to the Premises.

29.30 **Building Renovations.** It is specifically understood and agreed that Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant except as specifically set forth in this Lease and/or in the Tenant Work Letter. However, Tenant hereby acknowledges that Landlord is currently renovating or may during the Lease Term renovate, improve, alter, or modify (collectively, the “**Renovations**”) portions of the Project and other buildings or premises within the Project. Tenant hereby agrees that such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Subject to the provisions of Section 6.4 above, Landlord shall have no responsibility and shall not be liable to Tenant for any injury to or interference with Tenant’s business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant’s personal property or improvements resulting from the Renovations, or for any inconvenience or annoyance occasioned by such Renovations. Notwithstanding the foregoing, in connection with any such Renovations, Landlord shall not unreasonably interfere with Tenant’s use of or access to the Premises or parking rights and shall take reasonable steps to minimize noise during normal business hours to the extent reasonably practicable under the circumstances; however, Landlord shall not be obligated to install any sound proofing materials in the Premises or in any other part of the Project nor shall Landlord be obligated to perform such Renovations at night, on weekends or during non-standard business hours.

29.31 **No Violation.** Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from Tenant's breach of this warranty and representation.

29.32 **Communications and Computer Lines.** Tenant may install, maintain, replace, remove or use any communications or computer wires and cables serving the Premises (collectively, the "**Lines**"), provided that (i) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Articles 7, 8 and 9 of this Lease, (ii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, shall be surrounded by a protective conduit reasonably acceptable to Landlord, and shall be identified in accordance with the "Identification Requirements," as that term is set forth hereinbelow, (iii) any new or existing Lines servicing the Premises shall comply with all applicable governmental laws and regulations, (iv) as a condition to permitting the installation of new Lines, Landlord may require that Tenant at the expiration or earlier termination of the Lease Term remove Lines installed by Tenant located in or serving the Premises and repair any damage in connection with such removal, and (v) Tenant shall pay all costs in connection therewith. All Lines installed by Tenant shall be clearly marked with adhesive plastic labels (or plastic tags attached to such Lines with wire) to show Tenant's name, suite number, telephone number and the name of the person to contact in the case of an emergency (A) every four feet (4') outside the Premises (specifically including, but not limited to, the electrical room risers and other Common Areas), and (B) at the Lines' termination point(s) (collectively, the "**Identification Requirements**"). Upon the expiration of the Lease Term, or immediately following any earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove all Lines installed by Tenant, and repair any damage caused by such removal. In the event that Tenant fails to complete such removal and/or fails to repair any damage caused by the removal of any Lines, Landlord may do so and may charge the cost thereof to Tenant plus an administrative fee equal to five percent (5%) of the cost thereof. In addition, Landlord reserves the right at any time to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any laws or represent a dangerous or potentially dangerous condition.

29.33 **Access Control Cards.** Landlord shall have the right to institute and or continue the use of access control systems and/or procedures at the Building and/or Project that may include the provision of personal access control cards to individual employees of Tenant. In such event, any such cards shall be personal to each particular employee, and Tenant shall cooperate with Landlord in order to ensure that such cards are used by employees of Tenant only and are not transferred to any other persons. Tenant shall additionally comply with any other reasonable requirements instituted or already used by Landlord in connection with such systems or procedures.

29.34 **Transportation Management.** Tenant shall comply with all future governmentally mandated programs intended to manage parking, transportation or traffic in and around the Project. In connection with such compliance, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities. Landlord hereby represents to Tenant that there is not currently a transportation demand management plan for the Project.

29.35 **Wireless Communications.**

29.35.1 **Landlord's Wireless Communication Equipment.** Tenant acknowledges that Landlord may elect, in its sole and absolute discretion, to install and maintain (either itself or through a third party service provider) certain office and communications services (specifically including, without limitation, wireless communication equipment,) in the Project, or any portion thereof other than in the Building ("**Landlord's Communication Equipment**").

29.35.2 **Tenant's Wireless Communication Equipment.** Subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, and subject to, in accordance with, and the terms and conditions set forth in Article 8, above, and this Section 29.35, Tenant may install and maintain, at Tenant's sole cost and expense, wireless communication equipment within the Premises or, subject to the terms of Section 8.6 above and this Section 29.35, on the roof of the Building, including antennae and satellite dishes (the "**Wireless Communication Equipment**"). Such Wireless Communication Equipment shall be used for wireless communications within the Premises only and shall be for the servicing of the operations conducted by Tenant from within the Premises. Tenant shall not be entitled to license its Wireless Communication Equipment to any third party, nor shall Tenant be permitted to receive any revenues, fees or any other consideration for the use of such Communication Equipment by any third party. Such Wireless Communication Equipment shall, in all instances, comply with applicable governmental laws, codes, rules and regulations.

29.35.3 **Use of Wireless Equipment.** Tenant hereby acknowledges and agrees that its use of the Wireless Communication Equipment (i) shall not be permitted to interfere with any wireless communication equipment or other equipment of any other tenant or occupant of the Building or Project, (ii) shall not be permitted to interfere with any wireless communication equipment or other equipment of any other third-party with whom Landlord has any third-party agreement, and (iii) shall not be permitted to interfere with Landlord's Communication Equipment. Landlord shall use commercially reasonable efforts to ensure that Landlord's Communication Equipment does not interfere with Tenant's Wireless Communication Equipment; provided, however, Tenant hereby acknowledges and agrees that Landlord has made no warranty or representation to Tenant with respect to the suitability of the Premises for any wireless communications, specifically including, without limitation, with respect to the quality and clarity of any receptions and transmissions to or from the Wireless Communication Equipment and the presence of any interference with such signals whether emanating from Landlord's Communication Equipment, the Building, the Project or otherwise. In no event shall any such interference with Tenant's Wireless Communication Equipment have any effect on this Lease or give to Tenant any offset or defense to the full and timely performance of its obligations hereunder, or entitle Tenant to any abatement of rent or additional rent or any other payment required to be made by Tenant hereunder, or constitute any accrual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord.

29.36 **Fitness Center.** Subject to the provisions of this Section 29.36, provided Tenant's employees and personnel execute Landlord's standard waiver of liability form, then Tenant's employees and personnel (the "**Fitness Center Users**") shall be entitled to use the fitness center in the Project (collectively, the "**Fitness Center**") during the initial Lease Term or any extended term. The costs of operating, maintaining and supplying the Fitness Center shall be included in Operating Expenses, subject to the terms of Section 4. The use of the Fitness Center shall be subject to the reasonable rules and regulations that may be established from time to time by Landlord for the Fitness Center. Landlord and Tenant acknowledge that the use of the Fitness Center by the Fitness Center Users shall be at their own risk and that the terms and provisions of Section 10.1 of this Lease shall apply to Tenant and the Fitness Center Users' use of the Fitness Center. Tenant shall not permit any Tenant Parties other than the Fitness Center Users to use the Fitness Center without the prior written approval of Landlord or Landlord's representative. All Fitness Center Users and approved guests must have pre-authorized keycards to enter

the Fitness Center. Fitness Center Users' keycards shall not be shared and shall only be used by the individual to whom such keycard was issued. Failure to abide by this rule may result in immediate termination of such Fitness Center User's right to use the Fitness Center. Subject to Section 1.1.3, Landlord shall have the right, at Landlord's sole discretion, to expand, or otherwise modify the Fitness Center. In addition, in the event Landlord no longer owns the building in which the Fitness Center is located, the rights of Tenant and the Fitness Center Users to use the Fitness Center shall continue; however, in such instance, Landlord shall have a right to relocate the Fitness Center to another building in the Project. No expansion or modification of the Fitness Center, and no termination of a Fitness Center User's right to the Fitness Center shall entitle Tenant to an abatement or reduction in Rent (other than a reduction in Operating Costs associated with such Fitness Center), or constitute a constructive eviction, or result in an event of default by Landlord under this Lease.

29.37 **Approvals.** Whenever this Lease requires an approval, consent, determination or judgement by either Landlord or Tenant, unless another standard is expressly set forth, such approval, consent, determination or judgement and any conditions imposed thereby shall be reasonable and shall not be unreasonably withheld or delayed.

29.38 **EV Charging Stations.**

29.38.1 During the Lease Term, as the same may be extended, Tenant shall be given shared access to the five (5) existing electric vehicle charging stations located in front of the parking facility situated in the Project. Such electrical vehicle charging stations shall be for Tenant and its employees', contractors' and visitors' non-exclusive use.

29.38.2 In addition to Tenant's rights under Section 29.38.1 above, Landlord hereby grants to Tenant the right and license, subject to the terms of this Section 29.38.2, to install and use, at Tenant's sole cost, up to twenty-five (25) electric vehicle charging stations, which may have dual-heads ("**EV Charging Stations**") in a portion of the parking area identified by Landlord (the "**EV Charging Station Area**"). Except as otherwise expressly provided in this Section 29.38.2, all provisions applicable to the use and maintenance of the Premises under this Lease (including, without limitation, the insurance and indemnity provisions set forth in this Lease) shall apply to the EV Charging Station Area and its use by Tenant; provided, however, that the square footage of the EV Charging Station Area shall in no event be deemed to be added to the rentable square footage of the Premises and the EV Charging Station Area shall be used by Tenant and its personnel and visitors solely for the purpose of charging electric vehicles driven by Tenant's personnel and visitors and the maintenance, operation, repair and replacement of the EV Charging Stations. The EV Charging Stations and the associated parking spaces in which such EV Charging Stations shall be located shall be for the exclusive use of Tenant's personnel and visitors; however, Landlord shall have no obligation to patrol or "police" the EV Charging Station Area to ensure that persons other than Tenant and its employees do not use the EV Charging Stations installed by Tenant as provided herein. The number of parking spaces in which such EV Charging Stations shall be located shall be deemed part of the 197 unassigned parking spaces assigned to Tenant as provided in Section 9 of the Summary.

(i) The term of the license referred to in Section 29.38.2 above shall be coterminous with the Term of this Lease, as it may be extended or earlier terminated, and may not be terminated by Landlord prior to the expiration or earlier termination of the Lease Term;

(ii) Tenant shall not be obligated to pay any license fee or any additional rent or expenses (in excess of Tenant's Share of Direct Expenses and except as otherwise expressly provided in this Section 29.38.2 (ii)) for the use of the EV Charging Station Area pursuant to this Section 29.38.2 during the Term of this Lease, as the same may be extended or renewed. The foregoing notwithstanding, Tenant shall be obligated to pay third-party electric charges actually incurred in connection with the EV Charging

Stations to be installed within the EV Charging Station Area (and electricity used in connection with the operation of such EV Charging Stations shall be obtained from the Building).

(iii) Tenant shall use the EV Charging Station Area in compliance with all Applicable Laws. Tenant, at its sole cost and expense, shall be responsible for the installation, operation, maintenance, repair and replacement of the EV Charging Stations, and the necessary electrical equipment to service said EV Charging Stations. The installation of the EV Charging Stations, and all equipment and facilities related thereto (other than the existing infrastructure, if any, provided by Landlord), shall be deemed to constitute an Alteration subject to the provisions of Article 8 of this Lease, provided that Landlord shall not unreasonably withhold, condition or delay its approval of the same.

(iv) To the extent permitted by the City of Santa Clara and Applicable Laws, Tenant shall be permitted to secure the EV Charging Station Area in a manner of Tenant's choosing but subject to Landlord's approval (such approval not to be unreasonably withheld, conditioned or delayed);

(v) During the Term of this Lease, as the same may be extended, Tenant shall pay all taxes attributable to the EV Charging Stations and other equipment owned and installed by Tenant, and Tenant shall assure and provide Landlord with reasonable evidence that the EV Charging Station Area and Tenant's use thereof are subject to the insurance coverages otherwise required to be maintained by Tenant as to the Premises pursuant to Article 10 above;

(vi) If, prior to the expiration or earlier termination of this Lease, Landlord elects in its sole and absolute discretion, by not less than sixty (60) days' written notice given to Tenant, that Tenant remove all or some of the EV Charging Stations and all related equipment and facilities from the EV Charging Station Area at the expiration or earlier termination of this Lease, then, at or before the expiration or earlier termination of this Lease, Tenant shall remove from the EV Charging Station Area the EV Charging Stations and all related electrical equipment installed by Tenant for the EV Charging Stations and designated for removal by Landlord, and shall restore the EV Charging Station Area and all other areas affected by such removal to their original condition, reasonable wear and tear, casualty, condemnation and Landlord's maintenance, repair, replacement and restoration obligations excepted, all at Tenant's sole cost and expense, except Tenant shall not be required to restore any underground infrastructure.

(vii) Tenant's rights under this Section 29.38.2 belong solely to Ambarella Corporation, and to any Permitted Assignee (as defined in Section 14.8 above) to which this Lease is assigned or transferred, and any other attempted assignment or transfer of such rights shall be void and of no force or effect. For the avoidance of doubt, however, Tenant's subtenants in the Premises may use the EV Charging Stations installed by Tenant.

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[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

**“Landlord”:**

THE QUAD SANTA CLARA, LLC,  
a Delaware limited liability company

By: SBCD-B Investors III, LLC,  
a Delaware limited liability company,  
its sole Member

By: SB The Quad Santa Clara, LLC,  
a California limited liability company,  
its Manager

By: /s/ Mark Regoli  
Name: Mark Regoli  
Title: Authorized Signatory

**“Tenant”:**

AMBARELLA CORPORATION,  
a Delaware corporation

By: /s/ John Young  
Name: John Young  
Title: Chief Financial Officer

By: /s/ Michael Morehead  
Name: Michael Morehead  
Title: General Counsel

**EXHIBIT A**

**THE QUAD @ TASMAN**

**OUTLINE OF PREMISES**

EXHIBIT A

-1-

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**EXHIBIT B**

**THE QUAD @ TASMAN**

**TENANT WORK LETTER**

EXHIBIT C

-1-

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**EXHIBIT C**

**THE QUAD @ TASMAN**

**NOTICE OF LEASE TERM DATES**

EXHIBIT C

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**EXHIBIT D**  
**THE QUAD @ TASMAN**  
**RULES AND REGULATIONS**

EXHIBIT D

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**EXHIBIT E**

**THE QUAD @ TASMAN**

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**EXHIBIT F**

**THE QUAD @ TASMAN**

**INITIAL HAZARDOUS MATERIALS**

**EXHIBIT G**  
**APPROVED SIGNANGE**

**EXHIBIT H**  
**DESIGNATED PARKING SPACES**

**EXHIBIT I**  
**FORM OF SIGHT DRAFT**



**AMBARELLA, INC.**

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**INSIDER TRADING POLICY  
and  
Guidelines with Respect to  
Certain Transactions in Securities**

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As amended on February 24, 2023

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## INTRODUCTION

Ambarella, Inc. (together with any subsidiaries, collectively the “**Company**”) has adopted this Insider Trading Policy (the “**Policy**”) to help you comply with the federal and state securities laws and regulations that govern trading in securities and to help the Company minimize its own legal and reputational risk.

It is your responsibility to understand and follow this Policy. Insider trading is illegal and a violation of this Policy. In addition to your own liability for insider trading, the Company, as well as individual directors, officers and other supervisory personnel, could face liability. Even the appearance of insider trading can lead to government investigations or lawsuits that are time-consuming, expensive and can lead to criminal and civil liability, including damages and fines, imprisonment and bars on serving as an officer or director of a public company, not to mention irreparable damage to both your and the Company’s reputation.

### **Compliance Officer**

Please direct any questions, requests or reports as to any of the matters discussed in this Policy to the Company’s General Counsel (the “**Compliance Officer**”). The Compliance Officer is generally responsible for the administration of this Policy. The Compliance Officer may select others to assist with the execution of his or her duties.

### **Reporting violations**

It is your responsibility to help enforce this Policy. You should be alert to possible violations and promptly report violations or suspected violations of this Policy to the Compliance Officer, or, if the Compliance Officer is implicated in your report, then you should report it in accordance with the Company’s Whistleblower Policy.

### **Personal responsibility**

The ultimate responsibility for complying with this Policy and applicable laws and regulations rests with you. You should use your best judgment at all times and consult with your legal and financial advisors, as needed. We advise you to seek assistance if you have any questions at all. The rules relating to insider trading can be complex, and a violation of insider trading laws can carry severe consequences.

### **Breach and disciplinary effects**

The provisions of this Policy are binding on the employees of Ambarella, Inc. and its worldwide subsidiaries and are considered an addition to any applicable disciplinary code.

## PERSONS AND TRANSACTIONS COVERED BY THIS POLICY

### Persons covered by this Policy

This Policy applies to all directors, officers, employees, consultants, contractors and advisors of the Company. References in this Policy to “you” (as well as general references to directors, officers, employees, consultants, contractors and advisors of the Company) should also be understood to include members of your immediate family, persons with whom you share a household, persons that are your economic dependents and any other individuals or entities whose transactions in securities you influence, direct or control (including, for example, a venture or other investment fund, if you influence, direct or control transactions by the fund). You are responsible for making sure that these other individuals and entities comply with this Policy.

### Types of transactions covered by this Policy

Except as discussed in the section entitled “**Limited Exceptions**”, this Policy applies to *all* transactions *involving* the securities of the Company or the securities of other companies as to which you possess material nonpublic information obtained in the course of your service with the Company. This Policy therefore applies to purchases, sales, loans and other transfers of common stock, options, warrants, preferred stock, debt securities (such as debentures, bonds and notes) and other securities, and any offer to engage in the foregoing transactions. This Policy also applies to any arrangements that affect economic exposure to changes in the prices of these securities and any offer to engage in such transactions. These arrangements may include, among other things, transactions in derivative securities (such as exchange-traded put or call options, swaps, caps and collars), hedging and pledging transactions, short sales and certain decisions with respect to participation in benefit plans. This Policy further applies to any disposition in the form of a gift of any securities of the Company and any distribution to holders of interests in an entity if the entity is subject to this Policy. You should note that there are no exceptions from insider trading laws or this Policy based on the size of the transaction.

### Responsibilities regarding the nonpublic information of other companies

Material nonpublic information about another company that you learn through your service with the Company is subject to the same restrictions around disclosure and trading and you cannot use that information to trade securities. Any such action will be deemed a violation of this Policy. .

### Applicability of this Policy after your departure

You are expected to comply with this Policy until such time as you are no longer affiliated with the Company *and* you no longer possess any material nonpublic information subject to this Policy. In addition, if you are subject to a trading blackout under this Policy at the time you cease to be affiliated with the Company, you are expected to abide by the applicable trading restrictions until at least the end of the relevant blackout period.

### No exceptions based on personal circumstances

There may be instances where you suffer financial harm or other hardship or are otherwise required to forego a planned transaction because of the restrictions imposed by this Policy. Personal financial emergency or other personal circumstances are not mitigating factors under securities laws and will not excuse a failure to comply with this Policy.

## MATERIAL NONPUBLIC INFORMATION

### “Material” information

Information should be regarded as material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell securities or would view the information as significantly altering the total mix of information in the marketplace about the issuer of the security. In general, any information that could reasonably be expected to affect the market price of a security is likely to be material. Either positive or negative information may be material.

It is not possible to define all categories of “material” information. However, some examples of information that would often be regarded as material include, but are not limited to:

- Financial results, key metrics, financial condition, earnings pre-announcements, guidance, projections or forecasts, particularly if inconsistent with the expectations of the investment community;
- Restatements of financial results, or material impairments, write-offs or restructurings;
- Changes in independent auditors, or notification that the Company may no longer rely on an audit report;
- Business plans or budgets;
- Creation of significant financial obligations, or any significant default under or acceleration of any financial obligation;
- Impending bankruptcy or financial liquidity problems;
- Significant developments involving business relationships, including execution, modification or termination of significant agreements or orders with customers, suppliers, distributors, manufacturers or other business partners;
- Product introductions, modifications, defects or recalls or significant pricing changes or other product announcements of a significant nature;
- Significant developments in research and development or relating to intellectual property;
- Significant legal or regulatory developments, whether positive or negative, actual or threatened, including litigation or resolving litigation;
- Major events involving the Company’s securities, including calls of securities for redemption, adoption of stock repurchase programs, option repricings, stock splits, changes in dividend policies, public or private securities offerings, modification to the rights of security holders or notice of delisting;
- Significant corporate events, such as a pending or proposed merger, joint venture or tender offer, a significant investment, the acquisition or disposition of a significant business or asset or a change in control of the company;
- Major personnel changes, such as changes in senior management or lay-offs;
- Data breaches or other cybersecurity events;
- Updates regarding any prior material disclosure that has materially changed; and

- The existence of a special blackout period.

If you have any questions as to whether information should be considered “material”, you should consult with the Compliance Officer. In general, it is advisable to resolve any close questions as to the materiality of any information by assuming that the information is material.

#### “Nonpublic” information

Information is considered nonpublic if the information is not generally known or made available to the public. Even if information is widely known throughout the Company, it may still be nonpublic. As a general rule, information should be considered nonpublic until at least two **full trading days** have elapsed after the information is broadly distributed to the public in a press release, a public filing with the Securities and Exchange Commission (the “**SEC**”), a pre-announced public webcast or another broad, non-exclusionary form of public communication. However, depending upon the form of the announcement and the nature of the information, it is possible that information may not be fully absorbed by the marketplace until a later time. Any questions as to whether information is nonpublic should be directed to the Compliance Officer.

The term “**trading day**” means a day on which national stock exchanges and the National Association of Securities Dealers, Inc. Automated Quotation System are open for trading. A “**full**” trading day has elapsed when, after the public disclosure, trading in the relevant security has opened and then closed.

## POLICIES REGARDING MATERIAL NONPUBLIC INFORMATION

### Confidentiality of nonpublic information

The unauthorized use or disclosure of nonpublic information relating to the Company or other companies is prohibited. All nonpublic information you acquire in the course of your service with the Company may only be used for legitimate Company business purposes. In addition, nonpublic information of others should be handled in accordance with the terms of any relevant nondisclosure agreements and other obligations that the Company has with them, and the use of any such nonpublic information should be limited to the purpose for which it was disclosed.

You must use all reasonable efforts to safeguard nonpublic information in the Company's possession. You may not disclose nonpublic information about the Company or any other company, unless required by law, or unless (i) disclosure is required for legitimate Company business purposes, (ii) you are authorized to disclose the information and (iii) appropriate steps have been taken to prevent misuse of that information (including entering an appropriate nondisclosure agreement that restricts the disclosure and use of the information, if applicable). This restriction also applies to internal communications within the Company and to communications with agents of the Company. In cases where disclosing nonpublic information to third parties is required, you should coordinate with the Legal Department.

### No trading on material nonpublic information

Except as discussed in the section entitled "**Limited Exceptions**", you may not, directly or indirectly through others, engage, or offer to engage, in any transaction involving the Company's securities *while aware of* material nonpublic information relating to the Company. It is not an excuse that you did not "use" the information in your transaction.

Similarly, you may not engage, or offer to engage, in transactions involving the securities of any other company if you are aware of material nonpublic information about that company (except to the extent the transactions are analogous to those presented in the section entitled "**Limited Exceptions**"). For example, you may be involved in a proposed transaction involving a prospective business relationship or transaction with another company. If information about that transaction constitutes material nonpublic information for that other company, you would be prohibited from engaging in transactions involving the securities of that other company (as well as transactions involving Company securities, if that information is material to the Company). It is important to note that "materiality" is different for different companies. Information that is not material to the Company may be material to another company.

### No disclosing material nonpublic information

You may not disclose material nonpublic information concerning the Company or any other company to friends, family members or any other person or entity not authorized to receive such information, except directly to the SEC in compliance with the Company's Whistleblower Policy. In addition, you may not make recommendations or express opinions on the basis of material nonpublic information as to trading in the securities of companies to which such information relates. In particular, you may not participate, in any manner other than passive observation, in any message board or social media platform messaging relating to the Company's securities. You are prohibited from engaging in these actions whether or not you derive any profit or personal benefit from doing so.

### **Obligation to disclose material nonpublic information to the Company**

You may not enter into any transaction, including those discussed in the section entitled “**Limited Exceptions**”, unless you have disclosed any material nonpublic information that you become aware of in the course of your service with the Company, and that senior management is not aware of, to the Compliance Officer. If you are a member of senior management, the information must be disclosed to the Chief Executive Officer, and if you are the Chief Executive Officer or a director, you must disclose the information to the board of directors, before any transaction is permissible.

### **Responding to outside inquiries for information**

In the event you receive an inquiry from someone outside of the Company, such as a stock analyst, for information, you should refer the inquiry to the Chief Financial Officer. The Company is required under Regulation FD (Fair Disclosure) of the U.S. federal securities laws to avoid the selective disclosure of material nonpublic information. In general, the regulation provides that when a public company discloses material nonpublic information, it must provide broad, non-exclusionary access to the information. Violations of this regulation can subject the company to SEC enforcement actions, which may result in injunctions and severe monetary penalties. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release in compliance with applicable law. Please consult the Company’s External Communications Policy for more details.

## TRADING BLACKOUT PERIODS

To limit the likelihood of trading at times when there is a significant risk of insider trading exposure, the Company has instituted quarterly trading blackout periods and may institute special trading blackout periods from time to time. In addition, to comply with applicable legal requirements, the Company may also institute blackout periods that prevent directors and officers from trading in Company securities at a time when employees are prevented from trading Company securities in the Company's 401(k) plan.

It is important to note that whether or not you are subject to blackout periods, you remain subject to the prohibitions on trading on the basis of material nonpublic information and any other applicable restrictions in this Policy.

### Quarterly blackout periods

Except as discussed in the section entitled "**Limited Exceptions**", all directors and executive officers, and those other employees, consultants, contractors and advisors identified by the Company must refrain from conducting transactions involving the Company's securities during quarterly blackout periods. Even if you are not specifically identified as being subject to quarterly blackout periods, you should exercise caution when engaging in transactions during quarterly blackout periods because of the heightened risk of insider trading exposure.

Quarterly blackout periods begin at the end of the day on the fifteenth day of the third month of each fiscal quarter and end at the start of the third full trading day following the date of public disclosure of the financial results for that fiscal quarter. This period is a particularly sensitive time for transactions involving the Company's securities from the perspective of compliance with applicable securities laws due to the fact that, during this period, individuals may often possess or have access to material nonpublic information relevant to the expected financial results for the quarter.

Individuals subject to quarterly blackout periods will be informed by the Compliance Officer that they are listed on the covered persons list maintained by the Compliance Officer (the "**Covered Persons List**"). From time to time, the Company may identify other persons who should be subject to quarterly blackout periods, and the Compliance Officer may update and revise the Covered Persons List as appropriate. To the extent applicable to you, quarterly blackout periods also cover your immediate family members, persons with whom you share a household, persons who are your economic dependents and any entity whose transactions in securities you influence, direct or control.

### Special blackout periods

From time to time, the Company may also prohibit directors, officers, employees, consultants, contractors and advisors from engaging in transactions involving the Company's securities when, in the judgment of the Compliance Officer, a trading blackout is warranted. The Company will generally impose special blackout periods when there are material developments known to the Company that have not yet been disclosed to the public. For example, the Company may impose a special blackout period in anticipation of announcing interim earnings guidance or a significant transaction or business development. However, special blackout periods may be declared for any reason.

The Company will notify in writing or via email those persons subject a special blackout period. Each person who has been so identified and notified by the Company may not engage, or offer

to engage, in any transaction involving the Company's securities until instructed otherwise by the Compliance Officer, and should not disclose to others the fact of such suspension of trading. To the extent applicable to you, special blackout periods also cover your immediate family members, persons with whom you share a household, persons who are your economic dependents and any entity whose transactions in securities you influence, direct or control.

### **Regulation BTR blackouts**

Directors and executive officers may also be subject to trading blackouts pursuant to Regulation Blackout Trading Restriction, or Regulation BTR, under U.S. federal securities laws. In general, Regulation BTR prohibits any director or executive officer from engaging in certain transactions involving Company securities during periods when 401(k) plan participants are prevented from purchasing, selling or otherwise acquiring or transferring an interest in certain securities held in individual account plans. Any profits realized from a transaction that violates Regulation BTR are recoverable by the Company, regardless of the intentions of the director or officer effecting the transaction. In addition, individuals who engage in such transactions are subject to sanction by the SEC as well as potential criminal liability.

The Company will notify directors and officers if they are subject to a blackout trading restriction under Regulation BTR. Failure to comply with an applicable trading blackout in accordance with Regulation BTR is a violation of law and this Policy.

### **No "safe harbors"**

There are no unconditional "safe harbors" for trades made at particular times, and all persons subject to this Policy should exercise good judgment at all times. Even when a quarterly blackout period is not in effect, you may be prohibited from engaging in transactions involving the Company's securities because you possess material nonpublic information, are subject to a special blackout period or are otherwise restricted under this Policy.

## PRE-CLEARANCE OF TRADES

Except as discussed in the section entitled “**Limited Exceptions**”, directors and executive officers should refrain from engaging in any transaction involving the Company’s securities without first obtaining pre-clearance of the transaction from the Compliance Officer. In addition, the Company has determined that certain other employees and agents of the Company that may have regular or special access to material nonpublic information should refrain from engaging in any transaction involving the Company’s securities without first obtaining pre-clearance of the transaction from the Compliance Officer. Accordingly, the Company’s directors and officers and any other persons identified on the Covered Persons List as being subject to pre-clearance requirements must obtain pre-clearance prior to trading the Company’s securities. The pre-clearance request must be made on the form provided by the Compliance Officer. The Compliance Officer may not engage in a transaction involving the Company’s securities unless the Chief Financial Officer has pre-cleared the transaction. All trades must be executed within four business days of any pre-clearance. From time to time, the Company may identify other persons who should be subject to the pre-clearance requirements set forth above, and the Compliance Officer may update and revise the Covered Persons List as appropriate.

These pre-clearance procedures are intended to decrease insider trading risks associated with transactions by individuals with regular or special access to material nonpublic information. In addition, requiring pre-clearance of transactions by directors and officers facilitates compliance with Rule 144 resale restrictions under the Securities Act, the liability and reporting provisions of Section 16 under the Exchange Act and Regulation BTR. Pre-clearance of a trade, however, is not a defense to a claim of insider trading and does not excuse you from otherwise complying with insider trading laws or this Policy.

Even after pre-clearance, a person may not trade the Company’s securities if they become subject to a blackout period or aware of material nonpublic information prior to the trade being executed.

The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction.

## **ADDITIONAL RESTRICTIONS AND GUIDANCE**

This section addresses certain types of transactions that may expose you and the Company to significant risks. You may not engage in any of the following types of transactions other than as noted below, regardless of whether you have material nonpublic information. You should understand that, even though a transaction may not be expressly prohibited by this section, you are responsible for ensuring that the transaction otherwise complies with other provisions in this Policy that may apply to the transaction, such as the general prohibition against insider trading as well as pre-clearance procedures and blackout periods, to the extent applicable.

### **Short sales**

Short sales (*i.e.*, the sale of a security that must be borrowed to make delivery) and “selling short against the box” (*i.e.*, a sale with a delayed delivery) with respect to Company securities are prohibited under this Policy.

### **Derivative securities and hedging transactions**

If you are required to comply with the blackout periods or pre-clearance requirements under this Policy (*i.e.*, if you are listed on the Covered Persons List), you are prohibited from engaging in transactions in publicly-traded options, such as puts and calls, and other derivative securities with respect to the Company’s securities. Stock options, stock appreciation rights and other securities issued pursuant to Company benefit plans or other compensatory arrangements with the Company are not subject to this prohibition. You are also prohibited from purchasing financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds), or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of Company securities.

### **Using Company securities as collateral for loans**

If you are required to comply with the blackout periods or pre-clearance requirements under this Policy (*i.e.*, if you are listed on the Covered Persons List), you may not pledge Company securities as collateral for loans or as part of any other pledging transaction.

### **Holding Company securities in margin accounts**

If you are required to comply with the blackout periods or pre-clearance requirements under this Policy (*i.e.*, if you are listed on the Covered Persons List), you may not hold Company securities in margin accounts.

### **Placing open orders with brokers**

Except in accordance with an approved trading plan (as discussed below), you should exercise caution when placing open orders, such as limit orders or stop orders, with brokers, particularly where the order is likely to remain outstanding for an extended period of time. Open orders may result in the execution of a trade at a time when you are aware of material nonpublic information or otherwise are not permitted to trade in Company securities, which may result in inadvertent insider trading violations, Section 16 and Reg. BTR violations (for officers and directors), violations of this Policy and unfavorable publicity for you and the Company. If you are subject to blackout periods or pre-clearance requirements, you should so inform any broker with whom you place any open order at the time it is placed.

## LIMITED EXCEPTIONS

The following are certain limited exceptions to the quarterly and special blackout period restrictions and pre-clearance requirements imposed by the Company under this Policy. Please be aware that even if a transaction is subject to an exception to this Policy, you will need to separately assess whether the transaction complies with applicable law. For example, even if a transaction is indicated as exempt from this Policy, you may need to comply with the “short-swing” trading restrictions under Section 16 of the Exchange Act, to the extent applicable. You are responsible for complying with applicable law at all times.

### **Transactions pursuant to a trading plan that complies with SEC rules**

The trading restrictions under this policy do not apply to transactions made pursuant to a valid 10b5-1 trading plan approved by the Company. The Company permits its directors, officers and employees to adopt written 10b5-1 trading plans in order to mitigate the risk of trading on material nonpublic information. These plans allow for individuals to enter into a prearranged trading plan as long as the plan is not established or modified during a blackout period or when the individual is otherwise in possession of material nonpublic information. To be approved by the Company and qualify for the exception to this Policy, any 10b5-1 trading plan adopted by a director, officer or employee must be submitted to the Compliance Officer for approval and comply with the requirements set forth in the Requirements for Trading Plans attached as **Exhibit A**. If the Compliance Officer is the requester, then the Company’s Chief Financial Officer, or their delegate, must approve the written 10b5-1 trading plan.

### **Receipt and vesting of stock options, restricted stock units, restricted stock and stock appreciation rights**

The trading restrictions under this Policy do not apply to the receipt or vesting of stock options, restricted stock units, restricted stock or stock appreciation rights or other equity compensation awards from the Company.

### **Exercise of stock options for cash**

The trading restrictions under this Policy do not apply to the exercise of stock options where the purchase price of such stock options is paid in cash and there is no other associated market activity.

### **Net share withholding or sell-to-cover transactions**

The trading restrictions under this Policy do not apply to net share withholding with respect to equity awards where shares are withheld by the Company in order to satisfy tax withholding requirements, (x) as required by either the Company’s board of directors (or a committee thereof) or the award agreement governing such equity award or (y) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information. Likewise, the trading restriction under this policy do not apply to sell to cover transactions where shares are sold on your behalf upon vesting of equity awards and sold in order to satisfy tax withholding requirements, (x) as required by either the Company’s board of directors (or a committee thereof) or the award agreement governing such equity award or (y) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information; however,

this exception does not apply to any other market sale for the purposes of paying required withholding.

#### **Purchases from the employee stock purchase plan**

The trading restrictions in this Policy do not apply to elections with respect to participation in the Company's employee stock purchase plan or to purchases of securities under the plan. However, the trading restrictions do apply to any subsequent sales of any such securities.

#### **Certain 401(k) plan transactions**

The trading restrictions in this Policy do not apply to purchases of Company stock in the 401(k) plan resulting from periodic contributions to the plan based on your payroll contribution election. The trading restrictions do apply, however, to elections you make under the 401(k) plan to (i) increase or decrease the amount of your contributions under the 401(k) plan if such increase or decrease will increase or decrease the amount of your contributions that will be allocated to a Company stock fund, (ii) increase or decrease the percentage of your contributions that will be allocated to a Company stock fund, (iii) move balances into or out of a Company stock fund, (iv) borrow money against your 401(k) plan account if the loan will result in liquidation of some or all of your Company stock fund balance, and (v) pre-pay a plan loan if the pre-payment will result in the allocation of loan proceeds to a Company stock fund.

#### **Stock splits, stock dividends and similar transactions**

The trading restrictions under this Policy do not apply to a change in the number of securities held as a result of a stock split or stock dividend applying equally to all securities of a class, or similar transactions.

#### **Laws of descent and distribution; changes in form of beneficial interest**

The trading restrictions under this Policy do not apply to transfers by will or the laws of descent and distribution and, provided that prior written notice is provided to the Compliance Officer, distributions or transfers (such as certain tax planning or estate planning transfers) that effect only a change in the form of beneficial interest without changing your pecuniary interest in the Company's securities.

#### **Other exceptions**

Any other exception from this Policy must be approved by the Compliance Officer, in consultation with the Board of Directors or an independent committee of the Board of Directors.

## **COMPLIANCE WITH SECTION 16 OF THE SECURITIES EXCHANGE ACT**

All of the Company's officers and directors and certain other individuals are required to comply with Section 16 of the Securities and Exchange Act of 1934 and related rules and regulations which set forth reporting obligations, limitations on "short swing" transactions, which are certain matching purchases and sales of the Company's securities within a six-month period, and limitations on short sales.

To ensure transactions subject to Section 16 requirements are reported on time, each person subject to these requirements must provide the Company with detailed information (for example, trade date, number of shares, exact price, etc.) about his or her transactions involving the Company's securities.

The Company is available to assist in filing Section 16 reports, but the obligation to comply with Section 16 is personal. If you have any questions, you should check with the Compliance Officer.

## ADDITIONAL INFORMATION

### Protected Activity Not Prohibited

Nothing in this Policy, or any related guidelines or other documents or information provided in connection with this Policy, shall in any way limit or prohibit you from engaging in any of the protected activities set forth in the Company's Whistleblower Policy, as amended from time to time.

### Amendments

We are committed to continuously reviewing and updating our policies and procedures. The Company therefore reserves the right to amend, alter or terminate this Policy at any time and for any reason, subject to applicable law. Unless otherwise permitted by this Policy, any amendments must be approved by the Board of Directors of the Company. A current copy of the Company's policies regarding insider trading may be obtained by contacting the Compliance Officer.

\* \* \*

*Nothing in this Insider Trading Policy creates or implies an employment contract or term of employment. Employment at the Company is employment at-will. Employment at-will may be terminated with or without cause and with or without notice at any time by the employee or the Company. Nothing in this Insider Trading Policy shall limit the right to terminate employment at-will. No employee of the Company has any authority to enter into any agreement for employment for a specified period of time or to make any agreement or representation contrary to the Company's policy of employment at-will. Only the Chief Executive Officer of the Company has the authority to make any such agreement, which must be in writing.*

*The policies in this Insider Trading Policy do not constitute a complete list of Company policies or a complete list of the types of conduct that can result in discipline, up to and including discharge.*

## EXHIBIT A

### REQUIREMENTS FOR TRADING PLANS

For transactions under a trading plan to be exempt from (A) the prohibitions in the Insider Trading Policy (the “**Policy**”) of Ambarella, Inc. (together with any subsidiaries, collectively the “**Company**”) with respect to transactions made while aware of material nonpublic information and (B) the pre-clearance procedures and blackout periods established under the Policy, the trading plan must comply with the affirmative defense set forth in Exchange Act Rule 10b5-1 and must meet the following requirements:

1. The trading plan must be in writing and signed by the person adopting the trading plan.
  2. The trading plan must be adopted at a time when:
    - a. the person adopting the trading plan is not aware of any material nonpublic information; and
    - b. there is no quarterly, special or other trading blackout in effect with respect to the person adopting the plan.
  3. The trading plan must be entered in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, and the person adopting the trading plan must act in good faith with respect to the trading plan.
  4. The trading plan must include representations that, on the date of adoption of the trading plan, the person adopting the trading plan:
    - is not aware of material nonpublic information about the securities or the Company; and
    - is adopting the trading plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1.
  5. The person adopting the trading plan may not have entered into or altered a corresponding or hedging transaction or position with respect to the securities subject to the trading plan and must agree not to enter into any such transaction while the trading plan is in effect.
  6. The first trade under the trading plan may not occur until the expiration of a cooling-off period consisting of the later of (a) 90 calendar days after the adoption of the trading plan and (b) two business days after the filing by the Company of its financial results in a Form 10-Q or Form 10-K for the completed fiscal quarter in which the trading plan was adopted (but, in any event, this required cooling-off period is subject to a maximum of 120 days after adoption of the trading plan).
  7. The trading plan must have a minimum term of one year (starting from date of adoption of the trading plan).
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8. All transactions during the term of the trading plan (except for the “**Limited Exceptions**” identified in the Policy and *bona fide* gifts) must be conducted through the trading plan. In addition, the person adopting the trading plan may not have an outstanding (and may not subsequently enter into any additional) trading plan except as permitted by Rule 10b5-1. For example, as contemplated by Rule 10b5-1, a person may adopt a new trading plan before the scheduled termination date of an existing trading plan, so long as the first scheduled trade under the new trading plan does not occur prior to the last scheduled trade(s) of the existing trading plan and otherwise complies with these guidelines. Termination of the existing trading plan prior to its scheduled termination date may impact the timing of the first trade or the availability of the affirmative defense for the new trading plan; therefore, persons adopting a new trading plan as advised to exercise caution and consult with the Compliance Officer prior to the early termination of an existing trading plan.

9. Any modification or change to the amount, price or timing of transactions under the trading plan is deemed the termination of the trading plan, and the adoption of a new trading plan (“**Modification**”). Therefore, a Modification is subject to the same conditions as a new trading plan as set forth in Sections 1 through 8 herein.

10. Within the one year preceding the adoption or a Modification of a trading plan, a person may not have otherwise adopted or done a Modification to a plan more than once.

11. A person may adopt a trading plan designed to cover a single trade only once in any consecutive 12-month period except as permitted by Rule 10b5-1.

12. If the person that adopted the trading plan terminates the plan prior to its stated duration, he or she may not trade in the Company’s securities until after the expiration of 30 calendar days following termination, and then only in accordance with the Policy.

13. The Company must be promptly notified of any Modification or termination of the trading plan, including any suspension of trading under the trading plan.

14. The Company must have authority to require the suspension or cancellation of the trading plan at any time.

15. If the trading plan grants discretion to a stockbroker or other person with respect to the execution of trades under the trading plan:

- a. trades made under the trading plan must be executed by someone other than the stockbroker or other person that executes trades in other securities for the person adopting the trading plan;
  - b. the person adopting the trading plan may not confer with the person administering the trading plan regarding the Company or its securities; and
  - c. the person administering the trading plan must provide prompt notice to the Company of the execution of a transaction pursuant to the plan.
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16.All transactions under the trading plan must be in accordance with applicable law.

17.The trading plan (including any Modification) must meet such other requirements as the Compliance Officer (as defined in the Policy) may determine.

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-261243, 333-261244, 333-184506, 333-187730, 333-195078, 333-203094, 333-210405, 333-217037, 333-224052, 333-230603, 333-237439, 333-254945, and 333-283667) of Ambarella, Inc. of our report dated March 28, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
San Jose, California  
March 28, 2025

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**  
**Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the**  
**Securities Exchange Act of 1934, as amended.**

I, Feng-Ming Wang, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ambarella, Inc.;
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: March 28, 2025

/s/ Feng-Ming Wang

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Feng-Ming Wang

President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**  
**Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the**  
**Securities Exchange Act of 1934, as amended.**

I, John A. Young, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ambarella, Inc.;
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: March 28, 2025

/s/ John A. Young

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John A. Young

Chief Financial Officer

(Principal Financial and Accounting Officer)

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

I, Feng-Ming Wang, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Ambarella, Inc. on Form 10-K for the fiscal year ended January 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Ambarella, Inc.

Date: March 28, 2025

By: /s/ Feng-Ming Wang  
Name: Feng-Ming Wang  
Title: President and Chief Executive Officer

I, John A. Young, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Ambarella, Inc. on Form 10-K for the fiscal year ended January 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Ambarella, Inc.

Date: March 28, 2025

By: /s/ John A. Young  
Name: John A. Young  
Title: Chief Financial Officer

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