

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 April 27, 2024

OR

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

For the transition period from to

Commission file number 001-41249

CREDO TECHNOLOGY GROUP HOLDING LTD

(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands

N/A

(State or other jurisdiction of incorporation or organization)

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

c/o Maples Corporate Services, Limited ,

PO Box 309, Ugland House

Grand Cayman , KY1-1104 , Cayman Islands

N/A

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (408) 664-9329

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, par value \$0.00005 per share	CRDO	The Nasdaq Stock Market LLC

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):

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 ordinary shares held by non-affiliates of the registrant, based on the closing price of \$13.91 per share of the registrant's ordinary shares on October 28, 2023, the last business day of the registrant's most recently completed second fiscal quarter, as reported by the Nasdaq Stock Market LLC on such date, was approximately \$ 1.6 billion. For purposes of calculating the aggregate market value of shares held by non-affiliates, the registrant has assumed that all outstanding shares are held by non-affiliates, except for shares owned by each of its executive officers, directors and 5% or greater shareholders. In the case of 5% or greater shareholders, the registrant has not deemed such shareholders to be affiliates unless there are facts and circumstances indicating that such shareholders exercise any control over the registrant. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

The registrant had 165,185,407 ordinary shares outstanding as of June 17, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Part III of this Form 10-K are incorporated by reference from the registrant's definitive proxy statement for its 2024 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K. Except with respect to information specifically incorporated by reference in this Form 10-K, the proxy statement is not deemed to be filed as part of this Form 10-K.

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## GENERAL

Unless the context indicates otherwise, references in this Annual Report on Form 10-K to "we," "us," "our," "our company," "Company" and "Credo" mean Credo Technology Group Holding Ltd, a Cayman Islands exempted company, and its subsidiaries as a group.

Effective May 1, 2022, the Company changed its fiscal year to a 52- or 53-week period ending on the Saturday closest to April 30. Our fiscal year ending April 27, 2024 (fiscal 2024) is a 52-week fiscal year. The first quarter of fiscal 2024 ended on July 29, 2023, the second quarter ended on October 28, 2023 and the third quarter ended on January 27, 2024. Any references to a fiscal year in this Annual Report on Form 10-K are to the 12 months ending on April 30 or the Saturday closest to April 30, as applicable, of the relevant year, and any references to a fiscal quarter are to the applicable quarter within a fiscal year. Our fiscal years ended April 29, 2023 and April 30, 2022 are referred to herein as "fiscal 2023" and "fiscal 2022," respectively.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act), which are subject to the "safe harbor" created by those sections. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results to differ materially from those implied by the forward-looking statements. Words such as "anticipate," "expect," "intend," "plan," "goal," "projects," "believes," "seeks," "estimates," "forecast," "target," "predict," "future," "may," "can," "will," "would" and similar expressions identify such forward-looking statements. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. Forward-looking statements in this report include, but are not limited to, statements about:

- our expectations regarding our ability to address market and customer demands and to timely develop new or enhanced solutions to meet those demands;
- anticipated trends, challenges and growth in our business and the markets in which we operate, including pricing expectations;
- our expectations regarding our revenue, revenue mix, average selling prices, gross margin, and expenses;
- our expectations regarding dependence on a limited number of customers and end customers;
- our customer relationships and our ability to retain and expand our customer relationships and to achieve design wins;
- our expectations regarding the success, cost, and timing of new products;
- the size and growth potential of the markets for our solutions, and our ability to serve and expand our presence in those markets;
- our expectations regarding competition in our existing and future markets;
- the impact a pandemic, epidemic, or other outbreak of disease may in the future have on our business, results of operations and financial condition, as well as the businesses of our suppliers and customers;
- our expectations regarding regulatory developments in the United States and foreign countries;
- our expectations regarding the performance of, and our relationships with, our third-party suppliers and manufacturers;

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- our expectations regarding our ability to attract and retain key personnel; and
- the accuracy of our estimates regarding capital requirements and needs for additional financing.

These forward-looking statements reflect our management's beliefs and views with respect to future events and are based on estimates and assumptions as of the date of this report and are subject to risks and uncertainties. We discuss many of these risks in greater detail in the "Risk Factor Summary" below and under Part I, Item 1A "Risk Factors." Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We qualify all of the forward-looking statements in this report by these cautionary statements. Unless required by law, we undertake no obligation to update any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

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## RISK FACTORS SUMMARY

Our business is subject to numerous risks and uncertainties, including those described in the "Risk Factors" section of this Annual Report on Form 10-K. Investors should carefully consider these risks and uncertainties when investing in our ordinary shares. The occurrence of any of these risks could harm our business, financial condition, results of operations and/or growth prospects or cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. 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. The principal risks and uncertainties affecting us include:

- Risks related to our business, including, but not limited to, the following:
  - We depend on a limited number of customers for a substantial portion of our revenue.
  - We do not have long-term purchase commitments from our customers.
  - We face macroeconomic risks, including but not limited to recessions, inflation, stagflation and other economic conditions.
  - We have an accumulated deficit. We may incur net losses in the future.
  - We face intense competition and expect competition to increase in the future.
  - We may incur substantial expenses to develop, market, and qualify products which may not make any revenue.
  - We rely on a limited number of third parties to manufacture, assemble and test our products.
  - We may be subject to cybersecurity breaches, cyberattacks, and other disruptions to information technology systems.
- Risks related to our industry, including, but not limited to, the following:
  - Our target customers may not grow as we currently expect.
  - Our product markets may not develop as we currently expect.
  - The general compute and Artificial Intelligence and Machine Learning (AI/ML) infrastructure market is an emerging market that will depend on the success of generative AI technologies, and this market may not develop as we currently expect, including due to regulatory uncertainty.
- Risks related to our international operations, including, but not limited to, the following:
  - Our business, financial condition and results of operations could be adversely affected by worldwide economic conditions, trade restrictions such as export restrictions, sanctions, and tariffs, international and intra-national conflicts, as well as political and economic conditions in the countries where we conduct business.
  - Our global operations expose us to numerous legal and regulatory requirements including unexpected changes to such requirements.
  - Uncertainties with respect to the legal system of the People's Republic of China (the PRC or mainland China), including uncertainties regarding the enforcement of laws, and

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sudden or unexpected changes in policies, laws and regulations in the PRC, could adversely affect us.

- The PRC government has significant oversight over the conduct of the business of our PRC subsidiaries.
- PRC regulation of offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans or additional capital contributions to our PRC subsidiaries.
- Risks related to our intellectual property, including, but not limited to, the following:
  - We may face claims of intellectual property infringement, misappropriation or other violations, which could be time-consuming or costly to defend or settle, result in the loss of significant rights or harm our relationships with our customers or reputation in the industry.
  - We face risks related to the protection of our intellectual property, particularly outside the United States.

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## PART I

### Item 1. Business

#### Company Overview

Credo provides innovative, secure, high-speed and power-efficient connectivity solutions. Our solutions target the data infrastructure market, where bandwidth requirements are increasing exponentially, driven by the accelerating deployment of leading edge Artificial Intelligence infrastructure and applications.

Our innovations ease system bandwidth bottlenecks while simultaneously improving on power, security and reliability. Our connectivity solutions are optimized for optical and electrical Ethernet applications, including the 100G (or Gigabits per second), 200G, 400G, 800G and emerging 1.6T (or Terabits per second) markets. Our products are based on our Serializer/Deserializer (SerDes) and Digital Signal Processor (DSP) technologies. Our product families include integrated circuits (ICs), Active Electrical Cables (AECs) and SerDes Chiplets. Our intellectual property (IP) solutions consist primarily of SerDes IP licensing.

Data generation has increased dramatically over the past ten years, creating new and complicated challenges in both circuit and system design. Our proprietary SerDes and DSP technologies enable us to achieve similar performance to leading competitors' products but at a lower cost and more highly available legacy node (n-1 advantage). Beyond power and performance, Credo continues to innovate to address customers' system level requirements. We partner with Microsoft on our HiWire Switch AEC and open-source implementation that helps realize Microsoft's vision for a highly reliable network-managed dual-Top-of-Rack (ToR) architecture (a network architecture design in which computing equipment located within the same or an adjacent rack are, for redundancy, connected to two in-rack network switches, which are, in turn, connected to aggregation switches via fiber optic cables), overcome complex and slow legacy enterprise approaches, simplify deployment and improve connection reliability in the data center.

The multibillion-dollar data infrastructure market that we serve is driven largely by hyperscale data centers (hyperscalers), as well as general compute, AI/ML infrastructure, multi-service operators (MSOs), and mobile network operators (MNOs). The demands for increased bandwidth, improved power and cost efficiency and heightened security have simultaneously and dramatically expanded as work, education and entertainment have rapidly digitized across myriad endpoint users.

We design, market and sell both product and IP solutions. We help define industry conventions and standards within the markets we target by collaborating with technology leaders and standards bodies. We contract with a variety of manufacturing partners to build our products based on our proprietary SerDes and DSP technologies. We develop standard solutions we can sell broadly to our end markets and also develop tailored solutions designed to address specific customer needs. Once developed, these tailored solutions can generally be broadly leveraged across our portfolio and we are able to sell the part or license the IP to the broader market.

We have global sales, marketing and business development teams responsible for identifying and building our customer relationships. We sell our products to hyperscalers and cloud infrastructure providers, as well as MNO, MSO, 5G wireless, enterprise networking, and high performance computing (HPC) customers. We are engaged with all of the major hyperscalers, and our customer base includes over 20 blue chip clients, including more than 10 original equipment manufacturers (OEMs) and original design manufacturers (ODMs), over 10 optical module manufacturers and other leading enterprises.

During fiscal 2024 and 2023, we generated \$193.0 million and \$184.2 million in total revenue, respectively. Product sales and product engineering services revenue comprised 85% and 83% of our total revenue in fiscal 2024 and 2023, respectively, and IP license revenue represented 15% and 17% of our total revenue in fiscal 2024 and 2023, respectively.

## Industry Overview

We believe we are well positioned to benefit from the strong secular tailwinds driving the data infrastructure market, which is being driven by several factors, including:

**AI/ML Drives an Explosion in Network Traffic:** Our hyperscale customers are increasingly pursuing AI/ML infrastructure that requires rack scale interconnectivity densities that are significantly higher than their general compute infrastructure. The growth of AI/ML model sizes is driving an explosion in interconnectivity traffic which enables multiple physical devices to work on the same model at high speed and low latency. Credo provides Ethernet solutions to support this type of interconnectivity, and we believe that as this market matures, it will migrate away from proprietary solutions and towards Ethernet as the standard solution.

**Hyperscaler General Compute Traffic Doubles Every 2-3 Years:** Our hyperscale customers began to deploy Network Interface Card (NIC) speeds of 200G in calendar year 2023 with 400G on roadmaps for calendar year 2024. As NIC speeds double, there is a need for higher speed east-west traffic infrastructure to support applications such as Remote Direct Memory Access (RDMA), Nonvolatile Memory Express (NVMe) and other high-bandwidth applications, while maintaining high reliability and observability within the power and cost constraints of a modern data center.

Hyperscalers, which have the ability to seamlessly provision and add compute, memory, networking, and storage resources to a given node or set of nodes that make up a larger computing, distributed computing, or grid computing environment, drive demand for high-speed, low-power connectivity solutions. Our hyperscale customers have deployed 50G per lane electrical PAM4 data rates in 2023, and they have begun deployments of 100G per lane electrical PAM4 solutions in 2024.

Energy efficiency is becoming a key concern for customers as increased data transfer speeds require more energy to power and cool their systems. Credo's low-power Screaming Eagle 112G/lane retimers and Dove800 DSPs are enabling our customers to achieve their technical objectives, as well as supporting the important ESG goals of our customers.

Similarly, with the global deployment of high-speed fixed-line and wireless networks, carriers are also increasingly seeking higher performance connectivity solutions to address their substantial growth in traffic. 5G wireless infrastructure has proliferated in some countries but still has much room for growth, and low earth orbit satellite IP solutions such as Starlink offer disruptive performance and cost for users who cannot access the existing infrastructure. Fixed-line infrastructure speeds continue to grow, with the announcement of CableLabs DOCSIS 4.0 10Gb standards and proliferation of fiber-to-the-home.

Beyond hyperscalers and 5G networking, the evolution of connectivity standards for servers such as Peripheral Component Interconnect Express (PCIe) and consumer devices such as Universal Serial Bus (USB) present an additional long-term opportunity. As these connectivity standards move to higher-speed data rates and higher order modulation, innovation in power efficiency and cost efficiency will be required to deliver competitive connectivity solutions. We expect that demand for increasingly sophisticated connectivity solutions will grow alongside the evolution of these standards.

## Our Competitive Strengths

We believe our key competitive strengths include the following:

**Foundational Intellectual Property:** We believe our technology leadership is based on our strong SerDes IP portfolio. Our purpose-built mixed-signal and DSP architectures are the foundation of our high-performance, and power-efficient connectivity solutions. We believe this IP portfolio provides us with a significant competitive advantage.

**Comprehensive Family of Connectivity Solutions:** Our extensive solutions portfolio includes HiWire AECs, Optical PAM4 DSPs, Line Card PHYs, SerDes Chiplets for Multi-Chip Module (MCM) package

integration and SerDes IP licensing. Our products and technologies address our customers' various bandwidth, power, cost, security, reliability and end-to-end signal integrity requirements. We believe we can provide superior service to our customers by serving as a single point of contact for various requirements. Furthermore, our extensive knowledge and experience across a range of connectivity offerings enables us to better identify potential bottlenecks and design solutions to address them, differentiating us from competitors focused on point solutions.

**Best-in-Class Technology:** We believe we are at the forefront of the high-performance connectivity market. Our architectural approach enables us to design in mature fabrication processes still deliver leading edge performance and power at a significantly lower cost. Our optimized SerDes architectures achieve industry-leading power efficiency on small die areas in cost-effective mature processes.

**Culture of Continuous Innovation:** We have a history of innovation and pioneering new technologies including:

- Early demonstration and productization of 112G SerDes for Optical and Electrical links
- Pioneer in 100G, 200G, 400G, 800G and emerging 1.6T AEC market, establishing a new product category
- Industry-leading low-power gearbox for 56G and 112G per lane applications
- Delivering 112G XSR IP for multi-chip module (MCM) solutions
- Production shipments of SerDes Chiplets, including two versions of 3.2Tbps Chiplets
- Shipping industrial temperature (iTemp) PAM4 DSP for 5G market
- First to deliver 40G PAM3 SerDes
- Created HiWire Switch cable and open-sourced implementation with Microsoft to realize their vision for a highly reliable network-managed dual-ToR architecture
- Introduced World's First 800G DSP for Linear Receive Optics, targeting Hyperscale and AI Data Centers

We believe our culture of continuous innovation positions us as a market leader with best-in-class products and IP solutions.

**Top Industry Talent and Experienced Leadership Team:** We employ an engineering-focused workforce as well as a highly technical management team with deep industry experience and connectivity expertise. Our global team included 407 engineers as of April 27, 2024, and our international footprint allows us to continue attracting talent needed to support our business. We are led by a team of seasoned semiconductor and connectivity experts. Many of our executives have more than 20 years of semiconductor innovation experience and an extensive track record of successful leadership across multiple semiconductor companies.

#### **Our Growth Strategy**

To further our mission of providing secure high-speed connectivity solutions, we intend to focus on the following strategic areas:

- **Extend our leadership in SerDes technologies.** Our proprietary SerDes architectures have underpinned our products and IP solutions since our inception. We intend to continue investing in research and development in our SerDes design to expand our technology leadership.

- **Broaden our portfolio of products and IP solutions.** We intend to continue to broaden our portfolio of offerings by developing new products and IP solutions to meet the evolving needs of the data infrastructure ecosystem as well as expand into adjacent markets we do not serve today.
- **Attract and acquire new customers.** We believe that we have a substantial opportunity to continue to grow our customer base. We intend to accelerate new customer acquisition across the markets that we serve as well as enter into new market segments by scaling our sales and marketing capabilities.
- **Extend and deepen relationships with existing customers.** We have demonstrated our ability to sell multiple of our connectivity solutions to several of our major customers, and we will continue to seek to extend and deepen our relationships with existing customers. These relationships with leading hyperscalers, OEMs, ODMs and optical module manufacturers give us insight and extensive visibility into product designs, design specifications, development, production timelines, product implementations and product innovations. Our direct relationships enable us to better anticipate our customer needs and will facilitate our ability to sell multiple connectivity solutions to our customers over time.

## Our Products and Solutions

We are pioneering comprehensive Ethernet connectivity solutions that deliver high bandwidth, scalability, and end-to-end signal integrity for next-generation platforms. Today, we offer the following products and solutions: HiWire AECs, Optical PAM4 DSPs, Line Card PHYs, SerDes Chiplets and SerDes IP.

**HiWire AECs®:** HiWire Active Electrical Cables (AECs) are copper interconnect cables designed for affordable, low-power operation at 100G, 200G, 400G, 800G and emerging 1.6T data speeds. HiWire AECs enable hyperscalers and 5G architects to accelerate the transition to Distributed, Disaggregated Chassis (DDCs) by offering a high-performance alternative to short, thick Direct Attach Cables (DACS) and higher-power, higher-cost Active Optical Cables (AOCs). DDCs allow providers to pair hardware from ODMs with open-source and third-party software to address issues surrounding operating expenses, flexibility and cost in traditional chassis applications. Our ToR to NIC AEC solutions enable hardware architects to pair commodity NIC and ToR hardware with value-added AECs to address needs related to redundancy and racking plans. Our HiWire AEC solutions include SWITCH, SPAN, SHIFT, and CLOS AECs, and Pluggable Patch Panel P3:

- Credo HiWire SWITCH AECs enable a NIC to connect to two ToRs in an Active/Standby configuration for sub-millisecond failover that is fully network operating system managed. This enables the simplicity of a single NIC-ToR connector for the server and user with reliability and convergence times that are superior to legacy link aggregation structures.
- Credo HiWire SPAN AECs are a plug and play replacement of AOC for high-speed interconnects. Intended for rack-to-rack connectivity, these cables support up to 7-meter reach, consume up to 50% less power than AOCs, cost less than AOCs and offer a 10-year service life.
- Credo's HiWire SHIFT AECs provide breakout functionality to enable a single high-speed port to connect to two or four lower-speed ports. In some cases, this involves speed shifting functionality where lane speeds are changed (e.g., one lane of 112G becomes 2 lanes of 56G), modulation schemes are changed (e.g., PAM4 symbol becomes two non-return-to-zero (NRZ) symbols) and forward error correction is terminated and/or generated to ensure a plug and play bridge between two different speed hosts.
- Credo HiWire CLOS AECs are specifically designed for high density in-rack or HPC rack-to-rack interconnect to support CLOS architectures, a type of non-blocking, multistage switching architecture that reduces the number of ports required in an interconnected fabric. With up to

50% less power than optical solutions and up to 75% less volume than DACs, these AECs enable CLOS cabling densities up to 1,000 cables per rack.

- Credo Pluggable Patch Panel P3 enables services providers and hyperscalers flexibility in deploying modern pluggable optics with new and legacy switches and routers. The HiWire P3 is a single rack unit (1RU), 32 port QSFP-DD appliance that allows standard pluggable optics to directly connect to an AEC without the use of a switch chip, providing power, cooling, and control plane access.

**Optical DSPs:** Credo optical digital signal processors (DSPs) are a key building block inside optical transceivers that are used in AI clusters, hyperscale data centers, service provider networks, enterprise networks, and 5G wireless infrastructure. Optical transceivers and active optical cables (AOCs) based on Credo DSPs provide Ethernet connectivity from 5m up to 10km+ and span rates from 50Gb/s to 800Gb/s and beyond.

Now in their fourth generation, Credo DSPs operating at 50G/lane and 100G/lane PAM4 offer an exceptional combination of performance, energy efficiency, and value by integrating such features as laser drivers, DSP based signal equalization, non-linear distortion compensation, transmitter signal conditioning and long reach capable host side SerDes.

The Credo Seagull family of DSPs operate at 50G/lane. This comprehensive product family includes 1x50G, 2x50G, 4x50G and 8x50G product variants that enable transceivers and AOCs from 50Gb/s to 400Gb/s applications. Credo's 50G/lane transimpedance amplifier (TIA) complements this family of devices and creates a compelling bundled solution of DSP, laser driver and TIA for new 50G/lane module designs. Also included in the Seagull family is a unique product optimized for 64G Fibre Channel, used in storage networks.

The Credo Dove family of DSPs operate at 100G/lane. This product family includes 4x100G and 8x100G DSPs each with a range of integrated laser driver options for silicon photonics, EMLs and VCSELs. The range of laser drivers makes these DSPs suitable for both multi-mode and single-mode fiber applications operating at either 400Gb/s or 800Gb/s. The Dove 850 is the newest member of the Dove family and is the industry's first unidirectional 8x100G DSP specifically for Linear Receive Optics (LRO). LRO is an innovative new concept that removes DSP functionality from the module receiver to dramatically improve energy efficiency in high volume AI deployments.

**Line Card PHYs:** We are enabling data connectivity and security in hyperscale and enterprise data centers with leading edge, low-power line card PHY solutions. Our Retimers, Gearboxes and MACsec/IPSEC devices facilitate PAM4/NRZ backplane and line card connectivity at up to 112G per lane. Our components enable platforms with capabilities reaching 52.1 Terabits per second (Tbps), featuring 800G ports. Dedicated and multi-mode Retimers, Gearboxes and MACsecs, each built around our low-power, high-performance SerDes IP, enable our customers to meet performance, power and price objectives.

Our Line Card PHY product families include our Bald Eagle, Black Hawk and Screaming Eagle products for Retimer and Gearboxes, as well as our Owl and Osprey products for MACsec/IPSEC applications.

**SerDes Chiplets:** SerDes technology enables data transmission at high rates while minimizing the number of interconnects required. As the bandwidth of interconnects increase, the complexity of the design for signal transmission increases. Our SerDes architecture has made it possible to deliver cost- and power-effective SerDes solutions in mature process nodes and make them available in chiplet form (multiple SerDes lanes in a single die) for integration with MCM, System-on-Chips (SoCs), overcoming the need for matching core logic and SerDes IP in the same process node. Our SerDes Chiplets are designed for high performance and low power from mature processes, allowing customers to fabricate their core logic in advanced processes and combine them in their MCM SoC.

**SerDes IP:** SerDes IP is designed for the easy SoC integration of tens to hundreds of SerDes lanes. The IP range in performance for 1G to 112G per lane. Additionally, we developed USB4 Version 2 SerDes IP which has been adopted by a major OEM.

We designed our SerDes IP to optimally balance performance, power and manufacturing process costs and risks. Our patented mixed signal and DSP architectures are the foundation of our high-performance and low-power SerDes technology. Our architectural approach enables design in a mature fabrication process while delivering leading-edge performance and power efficiency, which has led to our more than 50 IP licensing engagements. Nevertheless, as part of our commitment to long-term innovation, we continuously develop technology in cutting-edge fabrication processes such as 3nm in order to enhance our competitive position, and to serve the market of IP licensing customers whose logic requires cutting-edge fabrication processes.

#### **Our Customers**

We sell our products to hyperscalers, OEMs, ODMs and optical module manufacturers, as well as into the enterprise and HPC markets. We work closely and have engagements with industry-leading companies across these segments.

We currently rely and expect to continue to rely on a limited number of customers for a significant part of our revenue. In fiscal 2024, sales to our top 10 customers accounted for approximately 86% of our total revenue. Furthermore, we had two customers that each accounted for 10% or more of our total fiscal 2024 revenue with the two customers accounting for 39% and 15%, respectively.

#### **Sales and Marketing**

We employ a two-pronged sales strategy targeting both the end users of our products, as well as the suppliers of our end users. By engaging directly with the end user, we are able to better understand the needs of our customers and cater our solutions to their most pressing connectivity requirements.

This strategy has enabled us to become the preferred vendor to a number of our customers across the world who, in turn, require their suppliers, OEMs, ODMs and optical module manufacturers to utilize our solutions.

We sell our solutions worldwide through our direct sales force. We have a sales presence in North America, Asia and Europe. Our direct sales force is supported by marketing, business development and Field Application Engineer teams across our regions. These teams are organized to align with our product verticals.

#### **Manufacturing and Suppliers**

We utilize a fabless business model, working with a network of third parties to manufacture, assemble and test our connectivity products. This approach allows us to focus our engineering and design resources on our core competencies and to control and reduce our fixed costs and capital expenditures.

We subject our third-party manufacturing contractors to qualification requirements to meet the high quality and reliability standards required of our products. We qualify our contractors and their processes before applying technology to our products. Our engineers work closely with our third-party foundry vendor and other contractors to increase yield, lower manufacturing costs and improve product quality.

- **Wafer Fabrication:** We currently utilize a wide range of semiconductor process generations to develop and manufacture our products. In fiscal year 2024, we exclusively used Taiwan Semiconductor Manufacturing Company Limited (TSMC) for semiconductor wafer production.
- **Package, Assembly and Testing:** Upon the completion of processing at the foundry, we use third-party contractors for packaging, assembly and testing, including Amkor Technology Inc. (Amkor) and Advanced Semiconductor Engineering, Inc. (ASE) for packaging our IC products,

King Yuan Electronics Company (KYEC) and Sigurd Microelectronics Corp. (Sigurd) for testing our IC products and BizLink Technology, Inc. (BizLink) and Cheng Ui Precision Industry (Foxlink) for manufacturing our AEC products.

### **Research and Development**

We view our technology as a competitive advantage and devote substantial resources to the research and development of new products and the improvement of existing products. We have committed, and plan to continue to commit, significant resources to technology and product innovation and development. We have assembled a team of highly skilled engineers with deep signal processing expertise who are located in San Jose, California, mainland China and Taiwan. As of April 27, 2024, we employed 407 engineers. Research and development expenses for fiscal 2024 and 2023 were \$95.5 million and \$76.8 million, respectively.

### **Intellectual Property**

Our commercial success depends in part on our ability to obtain and maintain intellectual property protection for our brand and technology, defend and enforce our intellectual property rights, preserve the confidentiality of our trade secrets, operate our business without infringing, misappropriating or otherwise violating the intellectual property or proprietary rights of third parties and prevent third parties from infringing, misappropriating or otherwise violating our intellectual property rights. We rely on a combination of intellectual property rights, including patents, trade secrets, copyrights and trademarks, and contractual protections, to protect our core technology.

As of April 27, 2024, we owned 73 issued patents and 13 pending patent applications in the United States, and 31 issued patents and 35 pending patent applications in mainland China. Our patent and patent application portfolio primarily relates to four main areas: Ethernet standard, network cable technology, chip manufacturing and MCM and SerDes cores. These issued patents, and any patents granted from such applications, are expected to expire between 2029 and 2045, without taking potential patent term extensions or adjustments into account. We continually review our development efforts to assess the existence and patentability of new intellectual property.

The term of individual patents depends upon the legal term for patents in the countries in which they are granted. In most countries, including the United States, the patent term is 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. In the United States, a patent's term may, in certain cases, be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the United States Patent and Trademark Office in examining and granting a patent. It may also be shortened if a patent is terminally disclaimed over a commonly owned patent or a patent naming a common inventor and having an earlier expiration date. We cannot be sure that our pending patent applications that we have filed or may file in the future will result in issued patents, and we can give no assurance that any patents that have issued or might issue in the future will protect our current or future products, will provide us with any competitive advantage, and will not be challenged, invalidated or circumvented.

Moreover, we rely, in part, on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. However, trade secrets can be difficult to protect. While we take steps to protect and preserve our trade secrets, including by entering into confidentiality agreements with our employees, consultants and contractors and by maintaining physical security of our premises and physical and electronic security of our information technology systems, such measures can be breached, and we may not have adequate remedies for any such breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors.

### **Competition**

We believe we are the only company in our industry offering a complete suite of high-performance connectivity solutions. Our competitors typically compete with us with respect to some, but not all, of our

solutions. Our principal competitors with respect to our products include Broadcom Ltd. (Broadcom) and Marvell Technology, Inc. (Marvell), as well as various DAC suppliers. Our principal competitors with respect to IP licensing include Synopsys, Inc. (Synopsys), Cadence Design Systems, Inc. (Cadence) and Alphawave IP Group plc (Alphawave). The principal competitive factors in our market include:

- success in identifying new and emerging markets, applications and technologies;
- product performance, power efficiency and cost-effectiveness;
- ability to provide a broad range of connectivity products and solutions;
- ability to deliver products in large volume on a timely basis at a competitive price;
- ability to offer products and features previously not available in the marketplace; and
- extent of IP protection and enforcement of rights.

We believe competition will increase as our market grows and connectivity technology advances. New entrants could enter our market, creating additional competition in the future. Although we believe we compete favorably with respect to the above factors, our future competitiveness will depend upon our ability to continue to design, develop and market compelling solutions.

#### **Sustainability**

Our sustainability initiatives are a corporate priority and strongly supported by our Board of Directors (Board) and leadership team. More information can be found on the Environmental, Social and Governance (ESG) section of our website and in our annual ESG Report. Information contained on our website or in our annual ESG Report is not incorporated by reference into this or any other report we file with the U.S. Securities and Exchange Commission. See "Risk Factors" under Item 1A of this Annual Report on Form 10-K for a discussion of risks and uncertainties we face related to sustainability.

#### **Employees and Human Capital Resources**

As of April 27, 2024, approximately 407 of our 500 full-time equivalent employees were engineers. Of our employees, 137 were located in North America and 270 were located in Asia. None of our employees are represented by a labor union or subject to a collective bargaining agreement, and we have never experienced a labor-related work stoppage.

Our success has been built on attracting, motivating and retaining a talented and driven workforce, particularly on our design and technical teams, but also our senior management and support personnel. Our employees are our most valuable assets. Our core philosophy is that our employees are our most important backers, investing their time and professional reputations in the company. We continually assess our business to identify our talent needs. We have a diverse workforce that represents many cultures and we celebrate our diversity by fostering inclusion across our multinational organization.

Our objective is to attract and retain talented and experienced employees, advisors and consultants. Our team members often leverage their professional networks, and we also use online search tools, specialized recruiting firms, internships and university hires to ensure a varied outreach approach for candidates. We offer competitive benefits tailored to local markets and laws and designed to support employee health, welfare and retirement; examples of such benefits may include paid time off; 401(k), pension or other retirement plans; basic and voluntary life, disability and supplemental insurance; medical, dental and vision insurance; and flexible spending accounts. Our global training and development program focuses on harassment-free workplace and diversity topics, as well as ethics and compliance.

Our company-wide compensation structure is intended to align incentives with the success of Credo. We believe that this fosters collaboration within the company, as all teams are working together towards

the same goals. We offer a combination of competitive base salary, time-based equity incentives and discretionary bonuses, generally linked to our financial performance, designed to motivate and reward our employees. For more details regarding our executive compensation, refer to information incorporated by reference from the information set forth under the captions "Executive Compensation" and "Compensation Discussion and Analysis" in our upcoming 2024 Proxy Statement.

We also comply with applicable laws and regulations regarding workplace safety and are subject to audits by entities such as the Occupational Safety and Health Administration in the United States. We rely on third parties to manufacture our products and require our suppliers to maintain a safe work environment, as described in further detail under "—Manufacturing and Suppliers." More information can be found on the ESG section of our website and in our annual ESG Report. Information contained on our website or in our annual ESG Report is not incorporated by reference into this or any other report we file with the U.S. Securities and Exchange Commission.

#### **Government Regulations**

Our business activities are international and subject us to various federal, state, local and foreign laws in the countries in which we operate, and our products and services are subject to laws and regulations affecting the sale of our products.

As our business operates in many global jurisdictions, the import and export of our products and services are subject to laws and regulations including international treaties, United States export controls and sanctions laws, customs regulations, and local trade rules around the world which vary widely across different countries and may change from time to time. Such laws, rules and regulations may delay the introduction of some of our products or impact our competitiveness through restricting our ability to do business in certain places or with certain entities and individuals, or by requiring us to comply with laws concerning transfer and disclosure of sensitive or controlled technology. For example, the United States and other governments have imposed restrictions on the import and export of, among other things, certain telecommunications products and components. The consequences of any failure to comply with domestic and foreign trade regulations could limit our ability to conduct business in certain areas or with certain customers.

For additional information concerning regulatory compliance and a discussion of the risks associated with governmental regulations that may materially impact us, refer to Item 1A "Risk Factors" of this Annual Report on Form 10-K.

#### **Available Information**

Founded in 2008, Credo has an international footprint with offices in North America and Asia. Our registered mailing address is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our principal website is [www.credosemi.com](http://www.credosemi.com). The information contained on, or that can be accessed through, our website is not incorporated by reference into this Annual Report on Form 10-K.

We make our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports, available free of charge on our website [investors.credosemi.com](http://investors.credosemi.com) as soon as reasonably practicable after they have been filed with, or furnished to, the SEC. The SEC maintains a website that contains the materials we file with or furnish to the SEC at [www.sec.gov](http://www.sec.gov).

## **Item 1A. Risk Factors**

*Investors in our ordinary shares hold shares of a holding company incorporated as an exempted company under the laws of the Cayman Islands rather than equity securities of our subsidiaries that have substantive business operations. Credo Technology Group Holding Ltd is a holding company incorporated as an exempted company under the laws of the Cayman Islands with no operations of its own. We conduct substantially all of our operations through our indirect, wholly-owned subsidiaries in the United States and internationally. Investing in our ordinary shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this filing, including our audited consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before investing in our ordinary shares. If any of the following risks are realized, in whole or in part, our business, results of operations and financial condition could be materially and adversely affected. In that event, the price of our ordinary shares could decline, and you could lose part or all of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair the operation of our business.*

### **Risks Related to Our Business**

***We depend on a limited number of customers for a substantial portion of our revenue. The loss of, or a significant reduction in sales to, one or more of our major customers could negatively impact our revenue and operating results.***

In fiscal 2024, we had two customers that each accounted for 10% or more of our total revenue. These customers accounted for 39% and 15% of our total revenue in fiscal 2024, respectively. In addition, in fiscal 2024, sales to our top 10 customers accounted for approximately 86% of our total revenue. We believe our operating results for the foreseeable future will continue to depend on sales to a relatively small number of customers. In the future, these customers may decide not to purchase our products or solutions at all, may purchase fewer products or solutions than they did in the past or may alter their purchasing patterns. For example, in February 2023, we announced that our largest customer reduced its demand forecast for certain of our products for reasons we understand are unrelated to our performance, which negatively impacted our fiscal 2023 fourth quarter revenue and our fiscal 2024 revenue expectations. Further, the amount of revenue attributable to any single customer or our general customer concentration, may fluctuate in any given period.

In addition, our relationships with some customers may deter other potential customers who compete with these customers from buying our products. To attract new customers or retain existing customers, we may offer these customers favorable terms, including the right to terminate or delay orders on little notice, exclusivity or most favored nation pricing on our products. Such agreements could impair our operating results. In the event of pricing reductions or financial incentives for key customers, our average selling prices and gross margins would decline. The loss of a key customer, any reduction in sales to any key customer or our inability to attract new significant customers could negatively impact our revenue and materially and adversely affect our business or results of operations.

***We do not have long-term purchase commitments from our customers, and if our customers cancel or change their purchase orders, our revenue and operating results could suffer.***

Substantially all of our product sales to date have been made on a purchase order basis. We generally do not obtain long-term commitments with our customers or commitments for minimum purchases from our customers. Our arrangements with our customers permit our customers to cancel, change or delay their product purchase orders upon specified notice and subject to negotiated limitations. In some cases, our customers may cancel purchase orders on relatively short notice to us and without penalty to them. In addition, customers may delay delivery of orders to a subsequent fiscal quarter. Our revenue and operating results have, and could in the future, fluctuate materially and have, and could in

the future, be materially and disproportionately impacted by the purchasing decisions of our customers, especially our larger customers. Our customers may decide to purchase fewer units than they have in the past, alter their purchasing patterns at any time with limited notice, change the terms on which they are prepared to do business with us or decide not to continue to purchase our products at all, any of which could cause our revenue to decline materially and materially harm our business, financial condition and results of operations. For example, in February 2023, we announced that that our largest customer reduced its demand forecast for certain of our products for reasons we understand are unrelated to our performance, which negatively impacted our fiscal 2023 fourth quarter revenue and our fiscal 2024 revenue expectations. Cancellations of, reductions in, or rescheduling of customer orders could also result in the loss of anticipated sales without allowing us sufficient time to reduce our inventory and operating expenses, as a substantial portion of our expenses are fixed at least in the short term. In addition, changes in forecasts or the timing of orders expose us to the risks of inventory shortages or excess inventory. Any of the foregoing events could materially and adversely affect our business, financial condition and results of operations.

***We face macroeconomic risks, including but not limited to recessions, inflation, stagflation and other economic conditions.***

Customer demand for our products may be impacted by weak economic conditions, inflation, stagflation, recessionary or lower-growth environments, rising interest rates, equity market volatility, geopolitical tensions, war, trade restrictions and sanctions or other negative economic factors in the U.S. or other nations. For example, under these conditions or as a result of expectation of such conditions, our customers may cancel orders, delay purchasing decisions or reduce their use of our services. In addition, these economic conditions could result in higher inventory levels and the possibility of resulting excess capacity charges from our manufacturing partners if we need to slow production to reduce inventory levels. Further, in the event of a recession or threat of a recession our manufacturing partners, suppliers, distributors or other third-party partners may suffer their own financial and economic challenges and as a result they may demand pricing accommodations, delay payment, or become insolvent, which could harm our ability to meet our customer demands or collect receivables or otherwise harm our business. Similarly, disruptions in financial and/or credit markets may impact our ability to manage normal commercial relationships with our manufacturing partners, customers, suppliers and creditors and might cause us to not be able to continue to access preferred sources of liquidity when we would like, and our borrowing costs could increase. Thus, if general macroeconomic conditions, conditions in the semiconductor industry, or conditions in our customer end markets deteriorate or experience a sustained period of weakness or slower growth, our business and financial results could be materially and adversely affected.

In addition, we are also subject to risk from inflation and increasing market prices of certain components, supplies, and commodity raw materials, which are incorporated into our end products or used by our manufacturing partners or suppliers to manufacture our end products. These components, supplies, and commodities have from time to time become restricted and general market factors and conditions (such as inflation or supply chain constraints) have in the past and may in the future affect the pricing of such components, supplies and commodities.

***We have incurred net losses and have an accumulated deficit, and we may incur additional net losses in the future.***

We have a history of net losses and experienced net losses of \$28.4 million and \$16.5 million for fiscal 2024 and 2023, respectively, primarily attributable to increased operating expenses, such as investments in research and development, including share-based compensation. As of April 27, 2024, we had an accumulated deficit of \$135.3 million.

We cannot assure you that we will generate sufficient revenue to offset the cost of growing our business in the future. Our revenue or revenue growth rate may decline in the future because of a variety of factors, including increased competition, reduced demand for our products and the maturation of our

business. You should not consider our historical revenue growth or operating expenses as indicative of our future performance.

Additionally, we also expect our costs to increase in future periods. We expect to continue to expend substantial financial and other resources on research and development, expansion into new markets, marketing and general administration (including expenses related to being a public company). These investments may not result in increased revenue or growth in our business.

If our revenue or revenue growth rate declines or our operating expenses exceed our expectations, our financial performance will be adversely affected. We will need to generate and sustain increased revenue levels in future periods in order to maintain or increase our level of profitability. If we cannot successfully grow our revenue at a rate that exceeds the increases in costs associated with our business, we will not be able to achieve or maintain profitability or generate positive cash flow on a sustained basis, and the trading price of our ordinary shares could decline.

***We are subject to order and shipment uncertainties, and differences between our estimates of customer demand and product mix and our actual results could negatively affect our business, financial condition and results of operations.***

Our product sales are primarily generated on the basis of purchase orders with our customers rather than long-term purchase commitments. However, we place orders with our suppliers based on forecasts of customer demand and, in some instances, may establish buffer inventories to accommodate anticipated demand, which may not materialize. Due to our lengthy product development cycle, it is critical for us to anticipate changes in demand for our various product features and the applications they serve to allow sufficient time for product development and design. We have limited visibility into future customer demand and the product mix that our customers will require, which could adversely affect our revenue forecasts and operating margins. Moreover, because some of our target markets are relatively new, many of our customers have difficulty accurately forecasting their product requirements and estimating the timing of their new product introductions, which ultimately affects their demand for our products. Our failure to accurately forecast demand can lead to product shortages that can impede production by our customers and harm our customer relationships. Conversely, our failure to forecast declining demand or shifts in product mix can result in excess or obsolete inventory. In addition, the rapid pace of innovation in our industry could also render significant 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, financial condition and results of operations. In contrast, if we were to underestimate customer demand or if sufficient manufacturing capacity were unavailable, we could forego revenue opportunities, potentially lose market share and damage our customer relationships. In addition, any significant future cancellations or deferrals of product orders or the return of previously sold products due to manufacturing defects could materially and adversely impact our profit margins, increase our write-offs due to product obsolescence and restrict our ability to fund our operations.

***We face intense competition and expect competition to increase in the future.***

The global semiconductor market in general, and the data infrastructure market in particular, are highly competitive. We expect competition to increase and intensify as more and larger competitor companies enter our markets. Increased competition could result in price pressure, reduced profitability and loss of market share, any of which could materially and adversely affect our business, financial condition and results of operations. In addition, our future growth will depend in part on our ability to successfully enter and compete in new markets.

Currently, our competitors range from large, international companies offering a wide range of semiconductor products to smaller companies specializing in narrow markets. Our principal competitors with respect to our products include Broadcom and Marvell as well as various DAC suppliers. Our principal competitors with respect to IP licensing include Synopsys and Alphawave. We expect competition will increase as our market grows, connectivity technology advances and existing competitors

improve or expand their product offerings. In addition, new companies could enter our market, creating additional competition in the future.

Our ability to compete successfully depends, in part, on factors that are 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, government support and other resources, are more established than we are and have significantly better brand recognition and broader product offerings, and may be able to bundle their products to gain market share. This may enable them to better withstand adverse economic or market conditions, such as those caused by uncertainty as a result of the recent macroeconomic environment, which has been characterized by rising interest rates and inflation, geopolitical instability, public health measures, and supply chain uncertainty. These factors cause companies across the semiconductor industry to reduce spending and tighten inventory controls, which could negatively impact our business, financial condition, and results of operations. Our ability to compete successfully will depend on a number of factors, including:

- our ability to define, design and regularly introduce new products and solutions that anticipate the functionality and integration needs of our customers' next-generation products and applications;
- our ability to build strong and long-lasting relationships with our customers and other industry participants;
- our ability to capitalize on, and prevent losses due to, vertical integration by significant customers;
- our products' performance, power efficiency and cost-effectiveness relative to those of competing products;
- our ability to achieve design wins;
- the effectiveness and success of our customers' products utilizing our products or solutions within their competitive end markets;
- our research and development capabilities to provide innovative products and solutions and maintain our product roadmap;
- the strength of our sales and marketing efforts and our brand awareness and reputation;
- our ability to secure capacity with our foundry and assembly partners to manufacture and assemble our products;
- our ability to deliver products in large volume on a timely basis at competitive prices;
- our ability to withstand or respond to significant price competition;
- our ability to grow and maintain international operations in a cost-effective manner;
- our ability to obtain, maintain, protect and enforce our intellectual property rights, including obtaining intellectual property rights from third parties that may be necessary to meet the evolving demands of the market;
- our ability to defend against potential patent infringement claims from third parties;
- our ability to promote and support our customers' incorporation of our products or solutions into their products; and
- our ability to retain high-level talent, including our management team and engineers.

Industry consolidation may lead to increased competition. Our competitors may also establish cooperative relationships among themselves or with third parties or may acquire companies that provide

similar products to ours. As a result, new competitors or alliances may emerge that could capture significant market share. There has been a trend toward industry consolidation in our markets for several years. We expect this trend to continue as companies attempt to improve the leverage of growing research and development costs, strengthen or hold their market positions in an evolving industry or are unable to continue operations. Companies that are strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us. Industry consolidation may result in stronger competitors that are better able to compete as sole-source vendors for customers.

Any of these factors, alone or in combination with others, could lead to an increase in pricing pressure, more variability in our operating results, a loss of market share and could harm our business, financial condition, and results of operations.

***We may incur substantial expenses to develop, market, and qualify products that may not generate any revenue.***

Our business is dependent on us winning competitive bid selection processes, known as "design wins." We are focused on securing design wins that enable us to sell our products and solutions. We consider a design win to occur when a customer notifies us that it has selected our products or technology to be incorporated into a product or system under development, often as part of a competitive technology review and bid process. While not legally enforceable contractual obligations, we believe design wins are an important step towards the adoption of our products or technologies by a customer, as competition for design wins is a highly selective process and generally results in the customer devoting substantial resources in partnering with us in development. These selection processes typically are lengthy and can require us to incur significant design and development expenditures and dedicate our limited engineering resources in pursuit of a single customer opportunity. We may not win the competitive selection process and may never generate any revenue despite incurring significant design and development expenditures. Failure to obtain a design win could prevent us from offering an entire generation of a product to a particular customer. This could cause us to lose revenue and require us to write off obsolete inventory, and could weaken our position in future competitive selection processes. Further, because of the significant costs associated with qualifying new suppliers, customers are likely to use the same or an enhanced version of semiconductor products from existing suppliers across a number of similar and successor products for a lengthy period of time. As a result, if we fail to secure an initial design win for any of our products to any particular customer, we may lose the opportunity to make future sales of those products to that customer for a significant period of time or at all and experience an associated decline in net sales relating to those products.

Even when we do achieve a design win, we may never generate any revenue despite incurring development expenditures. For example, despite achieving a design win, the customer may determine not to proceed with a contemplated project and cancel the project with little notice to us, resulting in a loss of projected revenue. In addition, our design cycle from initial engagement to volume shipment is typically two to three years, so even after securing a design win, we may experience delays in generating revenue from our products as a result of the lengthy development cycle.

Our customers may take several months or more than a year to evaluate our products and solutions. For example, prior to purchasing our products, our customers require that both 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. This qualification process may continue for several months or more. However, 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 with our customers, 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 any of our products with a customer, sales of those products to the customer may be precluded or delayed, which may impede our growth and materially and adversely affect our business, financial condition and results of operations.

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 or adopt a competing design from one of our competitors, which could cause us to lose anticipated revenue if we continue development but are unable to secure a new design win. Any delay or cancellation of a customer's plans could materially and adversely affect our financial results, as we may have incurred significant expense without generating any revenue. Moreover, our customers' failure to successfully market and sell their products could reduce demand for our products and materially and adversely affect our business, financial condition and results of operations.

Because of our extended sales cycle, our revenue in future years is highly dependent on design wins we are awarded in prior years. It is typical that a design win will not result in meaningful revenue until one or more years later, if at all. If we do not continue to achieve design wins in the short term, our revenue in the following years will deteriorate.

Further, a significant portion of our revenue in any period may depend on a single product design win with a large customer. As a result, the loss of any key design win or any significant delay in the ramp of volume production of the customer's products for which our product is designed could adversely affect our business, financial condition and results of operations. We may not be able to maintain sales to our key customers or continue to secure key design wins for a variety of reasons, and our customers can stop incorporating our products into their data infrastructure or product offerings with limited notice to us and suffer little or no penalty.

If we fail to anticipate or respond to technological shifts or market demands, or to timely develop new or enhanced products or technologies in response to the same, it could result in decreased revenue and the loss of design wins to our competitors. Due to the interdependence of various components in the systems within which our products and the products of our competitors operate, customers are unlikely to change to another design, once adopted, until the next generation of a technology. As a result, if we fail to introduce new or enhanced products that meet the needs of our customers or penetrate new markets in a timely fashion, and our designs do not gain acceptance, we will lose market share and our competitive position would be harmed.

***We rely on a limited number of third parties to manufacture, assemble and test our products, and the failure to successfully manage our relationships with such third-party contractors could adversely affect our revenue and operating results.***

We operate an outsourced manufacturing business model. As a result, we rely on third-party foundry wafer fabrication and assembly and test capacity. We currently outsource all of our IC manufacturing to TSMC, with the assembly and testing processes outsourced to other subcontractors primarily in Asia. We also use third-party contract manufacturers for a significant majority of our assembly and test operations, including Amkor, ASE, KYEC, and TeraPower for our IC products, and BizLink and Foxlink for our AEC products. The failure to manage our relationships with our third-party contractors successfully could adversely affect our ability to market and sell our products and our reputation. Our revenue and operating results would suffer if these third parties fail to deliver products or components in a timely manner and at reasonable cost or if manufacturing capacity is reduced or eliminated, as we may be unable to obtain alternative manufacturing capacity.

Relying on third-party manufacturing, assembly and testing presents significant risks to us, including the following:

- failure by us, our customers or their end customers to qualify a selected supplier;
- capacity shortages during periods of high demand;

- reduced control over delivery schedules and quality;
- shortages of materials;
- third parties infringing, misappropriating or otherwise violating our intellectual property rights;
- impairment of the operation or security of our products if errors or other defects occur in the third-party technologies we use, and difficulties correcting such errors or defects because the development and maintenance of those technologies is not within our control;
- limited warranties on wafers or products supplied to us; and
- potential increases in prices or reduced yields.

The ability and willingness of our third-party contractors to perform is largely outside our control. If one or more of our contract manufacturers or other outsourcers fails to perform its obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. For example, if that manufacturing capacity is reduced or eliminated at one or more facilities, including as a response to a general decline in the semiconductor or electrical cable industry, or any of those facilities are unable or unwilling to keep pace with the growth of our business, we could have difficulties fulfilling our customer orders and our revenue could decline. In addition, if these third parties fail to deliver quality products and components on time and at reasonable prices, we could have difficulties fulfilling our customer orders, which could materially and adversely affect our business, financial condition and results of operations.

We do not generally have long-term contracts with our suppliers and substantially all of our purchases are on a purchase order basis. Suppliers may extend lead times, limit supplies, place products on allocation or increase prices due to commodity price increases, capacity constraints or other factors that could lead to interruption of supply or increased demand in the industry. For example, public health crises, trade sanctions, the armed conflict in Ukraine and other factors have led to worldwide supply constraints, including with respect to wafers and substrates. Additionally, the supply of these materials may be negatively impacted by an unfavorable macroeconomic environment, including as a result of increased trade tensions between the U.S. and its trading partners, particularly the PRC. In the event that we cannot timely obtain materials in sufficient quantities or at reasonable prices, the quality of the material deteriorates or we are not able to pass on higher materials costs to our customers, our business, financial condition and results of operations could be adversely impacted.

Additionally, as our fabrication and assembly and test contractors are located in the Pacific Rim region, principally in Taiwan, our manufacturing capacity may be similarly reduced or eliminated due to natural disasters, including earthquakes, drought or typhoons, political unrest, trade restrictions, war or undeclared armed conflict, including terrorism, labor strikes, work stoppages or public health crises. This could cause significant delays in shipments of our products until we are able to shift our manufacturing, assembly or testing from the affected contractor to another third-party vendor. There can be no assurance that alternative manufacturing capacity could be obtained on favorable terms, if at all.

***The success of our products is dependent in part on our customers' ability to develop products that achieve market acceptance, and our customers may fail to do so.***

The success of our products is heavily dependent on the timely introduction, quality and market acceptance of our customers' products incorporating our products, which are impacted by factors beyond our control. Our customers' products are often very complex and subject to design complexities that may result in design flaws, as well as potential defects, errors and bugs. We have in the past been subject to delays and project cancellations as a result of design flaws in the products developed by our customers, changing market requirements, such as a customer adding a new feature, or because a customer's product fails their end customer's evaluation or field trial. In other cases, customer products are delayed due to incompatible deliverables from other vendors. We incur significant design and development costs

in connection with designing our products for customers' products that may not ultimately achieve market acceptance. If our customers discover design flaws, defects, errors or bugs in their products, or if they experience changing market requirements, failed evaluations or field trials or incompatible deliverables from other vendors, they may delay, change or cancel a project, and we may have incurred significant additional development costs and may not be able to recoup our costs, which in turn would adversely affect our business, financial condition and results of operations.

***The complexity of our products could result in undetected defects; we may be subject to warranty claims and product liability, which could result in a decrease in customers and revenue, unexpected expenses and loss of market share, and our product liability insurance may not adequately cover our costs arising from product defects or otherwise.***

Highly complex products such as ours may 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 products 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 products, 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.

Generally, we attempt to limit our liability to the replacement of the part or to the revenue received for the product through our negotiated agreements, as well as our standard terms and conditions, but these limitations on liability may not be effective or sufficient in scope in all cases. If a customer's equipment fails in use, the customer may incur significant monetary damages including an equipment recall or associated replacement expenses, as well as lost revenue. The customer may claim that a defect in our products caused the equipment failure and assert a claim against us to recover monetary damages. The process of identifying a defective or potentially defective product in systems that have been widely distributed may be lengthy and require significant resources, and may divert the attention of our engineering personnel from our product development efforts. We may test the affected product to determine the root cause of the problem and to determine appropriate solutions. We may find an appropriate solution or a temporary fix while a permanent solution is being determined. If we are unable to determine the root cause, find an appropriate solution or offer a temporary fix, we may delay shipment to customers. As a result, we may incur significant replacement costs, customers may bring contract damage claims and our reputation may be harmed. In certain situations, we may incur costs or expenses related to a recall of one of our products in order to avoid the potential claims due to a design or manufacturing process defect. Defects in our products could harm our relationships with our customers and damage our reputation. Customers may be reluctant to buy our products, which could harm our ability to retain existing customers and attract new customers. In addition, the cost of defending these claims and satisfying any arbitration award or judicial judgment with respect to these claims could harm our business prospects and financial condition. Although we carry product liability insurance, we cannot be sure that we have obtained a sufficient amount of insurance coverage, that asserted claims will be within the scope of coverage of the insurance or that we will have sufficient resources to satisfy any asserted claims arising from defects in our products or otherwise.

***We may not accurately anticipate market trends and changing industry standards, and if we fail to develop and introduce products to adequately address these trends or prevailing industry***

***standards on a timely basis, our ability to attract and retain customers could be impaired and our competitive position could be harmed.***

We operate in industries characterized by rapidly changing technologies and industry standards as well as technological obsolescence. We have developed products that may have long product life cycles of seven years or more. We believe that our future success depends on our ability to develop and introduce new technologies and products that generate new sources of revenue to replace, or build upon, existing product revenue streams that may be dependent upon limited product life cycles. If we are not able to repeatedly introduce, in successive years, new products that ship in volume, our revenue will likely not grow and may decline significantly and rapidly.

To compete successfully, we must design, develop, market and sell new or enhanced products that provide increasingly higher levels of performance and reliability while meeting industry standards and the cost expectations of our customers. The introduction of new products by our competitors, the delay or cancellation of a system or platform for which any of our products are designed, the market acceptance of products based on new or alternative technologies or the emergence of new industry standards could render our existing or future products uncompetitive from a pricing standpoint, obsolete or otherwise unmarketable. Our failure to anticipate or timely develop new or enhanced products or technologies in response to technological shifts or changes in industry standards could result in decreased revenue and our competitors achieving design wins over us. In particular, we may experience difficulties with product design, manufacturing, marketing or certification that could delay or prevent our development, introduction or marketing of new or enhanced products. Although we believe our products are fully compliant with applicable industry standards, proprietary enhancements may not in the future result in full conformance with existing industry standards under all circumstances. Due to the interdependence of various components in the systems within which our products and the products of our competitors operate, customers are unlikely to change to another design, once adopted, until the next generation of a technology. Moreover, products for our target markets are based on industry standards that are continually evolving, and industry standards are often developed and promoted by larger companies who are industry leaders and provide other components of the systems in which our products are incorporated. If larger companies do not support the same industry standards that we do, or if competing standards emerge, it could render our products incompatible with products developed by other suppliers or make it difficult for our products to meet the requirements of certain customers. As a result, if we fail to introduce new or enhanced products that meet prevailing industry standards and the needs of our customers or penetrate new markets in a timely fashion, and our designs do not gain acceptance, we will lose market share and our competitive position, potentially on an extended basis, and our operating results will be adversely affected. Our pursuit of necessary technological advances will also require substantial time and expense.

***We generally do not maintain long-term supply contracts with TSMC or other third-party manufacturers or suppliers, and any disruption in our supply of products or materials, including raw material price fluctuations could have a material adverse effect on our business, financial condition and results of operations.***

Except for our agreements with BizLink and Foxlink for the manufacture of certain AEC products, we do not maintain long-term supply contracts with TSMC or generally with any of our third-party contract manufacturers or other suppliers. We make substantially all of our purchases on a purchase order basis. Our suppliers are not typically required to supply us products for any specific period or in any specific quantity, and we negotiate pricing with our main vendors on a purchase order-by-purchase order basis. We expect that it would take approximately 9 to 12 months to transition from our current foundry or assembly services to new providers. Such a transition would likely result in increased production costs and require a qualification process by our customers or their end customers. None of TSMC, BizLink, Foxlink, or our third-party manufacturers or other suppliers have provided contractual assurances to us that adequate capacity will be available to us to meet our anticipated future demand for our solutions. We generally place orders for products with some of our suppliers several months prior to the anticipated delivery date, with order volumes based on our forecasts of demand from our customers. If we

inaccurately forecast demand for our products, we may be unable to obtain adequate and cost-effective foundry or assembly capacity from TSMC or our other third-party manufacturers or suppliers to meet our customers' delivery requirements, or we may accumulate excess inventories. Moreover, even if we accurately forecast demand for our products, we cannot be sure that TSMC or our other third-party manufacturers or suppliers will allocate sufficient capacity to satisfy our requirements.

These third-party manufacturers often serve customers that are larger than us or require a greater portion of their services, which may decrease our relative importance and negotiating leverage with these third parties. TSMC and our 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 customers that are larger and better financed than us or that have long-term agreements with TSMC or our assembly and test vendors may cause TSMC or our assembly and test vendors to reallocate capacity to those customers, decreasing the capacity available to us. If we enter into costly arrangements with suppliers that include nonrefundable deposits or loans in exchange for capacity commitments, commitments to purchase specified quantities over extended periods or investment in a foundry, our operating results could be harmed. We may not be able to make any such arrangement in a timely fashion or at all, and any arrangements may be costly, reduce our financial flexibility and be on terms that are not favorable to us. Moreover, even if we are able to secure committed foundry capacity, we may be obligated to use all of that capacity or incur penalties. These penalties may be expensive and could harm our financial results. To date, we have not entered into such arrangements with TSMC or our assembly and test suppliers. If we need another foundry or assembly and test subcontractor because of increased demand, or if we are unable to obtain timely and adequate deliveries from our providers, we might not be able to cost effectively and quickly retain other vendors to satisfy our requirements.

Supply of raw materials may be negatively impacted by an unfavorable macroeconomic environment, including as a result of increased tensions between the United States and its trading partners, particularly the PRC. In the event that we cannot timely obtain sufficient quantities of materials or at reasonable prices, the quality of the material deteriorates or we are not able to pass on higher materials or energy costs to our customers, our business, financial condition and results of operations could be adversely impacted.

Further, the cost of raw materials is a key element in the cost of our products. Our inability to offset material price inflation through increased prices to customers, suppliers, productivity actions or through commodity hedges could adversely affect our business, financial condition and results of operations. Many major components, product equipment items and raw materials are procured or subcontracted on a single or sole-source basis. Although we maintain a qualification and performance surveillance process and we believe that sources of supply for raw materials and components are generally adequate, it is difficult to predict what effects shortages or price increases may have in the future. Our inability to fill our supply needs would jeopardize our ability to fulfill obligations under our contracts, which could, in turn, result in reduced sales and profits, contract penalties or terminations, and damage to our customer relationships.

Furthermore, increases in the price of silicon wafers, copper cables, printed circuit boards (PCBs), testing costs and commodities, which may result in increased production costs, mainly assembly and packaging costs, may result in a decrease in our gross margins. Moreover, our suppliers may pass the increase in raw materials and commodity costs onto us, which would further reduce the gross margin of our products. In addition, as we are a fabless company, global market trends such as a shortage of capacity to fulfill our fabrication needs also may increase our raw material costs and thus decrease our gross margin.

***We rely on the ability to use and the success of third-party technologies to develop our products, and our inability to use such technologies in the future would harm our ability to remain competitive.***

We rely on third parties for technologies that are integrated into our products, such as wafer fabrication and assembly and test technologies used by our contract manufacturers, as well as licensed architecture technologies. If we are unable to continue to use or license these technologies on reasonable terms, or if these technologies fail to operate properly, we may not be able to secure alternatives in a timely manner or at all, and our ability to remain competitive would be harmed. In addition, if we are unable to successfully license technology from third parties to develop future products, we may not be able to develop such products in a timely manner or at all. The operation or security of our products could be impaired if errors or other defects occur in the third-party technologies we use, and it may be more difficult for us to correct any such errors and defects in a timely manner, if at all, because the development and maintenance of these technologies is not within our control. Any impairment of the technologies or of our relationship with these third parties could harm our business.

***We may not be able to meet manufacturing yields that allow us to meet customer demand and maintain our gross margins.***

We depend on satisfactory wafer foundry manufacturing capacity, wafer prices and production yields, as well as timely wafer delivery to meet customer demand and enable us to maintain satisfactory gross margins. The fabrication of our products 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 IC foundry vendor, TSMC, other manufacturers with which we contract and any foundries we may employ in the future may experience manufacturing defects and reduced manufacturing yields from time to time. If these vendors were to extend lead times, limit supplies or the types of capacity we require, or increase prices due to capacity constraints or other factors, our revenue and gross margin may materially decline. Further, any new foundry vendors we employ may present additional and unexpected manufacturing challenges that could require significant management time and focus. Changes in manufacturing processes or the inadvertent use of defective or contaminated materials by the foundries that we employ could result in lower than anticipated production yields or unacceptable performance of our devices. 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 production yields from the foundries that we employ, or defects, integration issues or other performance problems in our solutions could significantly harm our customer relationships and financial results and give rise to financial or other damages to our customers.

Manufacturing yields for new products initially tend to be lower as we complete product development and commence volume manufacturing, and typically increase as we bring the product to full production. Our business model includes the assumption of improving manufacturing yields and, as a result, material variances between projected and actual manufacturing yields will have a direct effect on our gross margin and profitability. The difficulty of accurately forecasting manufacturing yields and maintaining cost competitiveness through improving manufacturing yields will continue to be magnified by the increasing process complexity of manufacturing semiconductor products.

***We may be unable to develop or maintain our relationships with industry and technology leaders to enhance our product offerings.***

We develop many of our products for applications in systems that are driven by industry and technology leaders in the data infrastructure market. We also work with customers, system manufacturers and standards bodies to define industry conventions and standards within our target markets. We believe these relationships enhance our ability to achieve market acceptance and widespread adoption of our products. If we are unable to continue to develop or maintain these relationships, our products and solutions would become less desirable to our customers, our sales would suffer and our competitive position could be harmed.

***Average selling prices of our products generally decrease over time, which could negatively impact 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 products over time. Accordingly, if competition increases in our target markets, we may need to reduce the average unit price of our products in anticipation of competitive pricing pressures, new product introductions by us or our competitors and for other reasons. 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 products on a timely basis with higher selling prices or gross margins, or increasing our sales volumes.

We seek to offset the anticipated reductions in our average selling prices by reducing the cost of our products through improvements in manufacturing yields and lower wafer, assembly and testing costs, developing new products, enhancing lower-cost products on a timely basis and increasing unit sales. Because we do not operate our own manufacturing or assembly facilities or most of our 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 further reduce our gross margins. We rely primarily on obtaining yield improvements and volume-based cost reductions to drive cost reductions in the manufacture of existing products, introducing new products that incorporate advanced features and optimize die size and other price and performance factors that enable us to increase revenue while maintaining gross margins. To the extent that such cost reductions or revenue increases do not occur at a sufficient level and in a timely manner, our business, financial condition and results of operations could be adversely affected. If we are unable to offset these anticipated reductions in our average selling prices, our business, financial condition and results of operations could be negatively affected.

***Our gross margins may fluctuate due to a variety of factors.***

Our gross margins may fluctuate due to a number of factors, including customer and product mix, revenue mix between various offerings, market acceptance of our new products, timing and seasonality of end-market demand, yield, wafer pricing, packaging and testing costs, competitive pricing dynamics and geographic and market pricing strategies.

To attract new customers or retain existing customers, we have in the past and will in the future offer certain customers favorable prices, which would decrease our average selling prices and likely impact gross margins. Further, we may also offer pricing incentives to our customers on earlier generations of products which could negatively affect our gross margins. In addition, in the event our customers, including our larger customers, exert more pressure with respect to pricing and other terms with us, it could put downward pressure on our margins.

In addition, we maintain an inventory of our products at various stages of production and in finished goods inventory. We hold these inventories in anticipation of customer orders. If those customer orders do not materialize in a timely manner, we may have excess or obsolete inventory which we would have to reserve or write-down, and our gross margins would be adversely affected.

***The COVID-19 pandemic or other contagious diseases may adversely impact our manufacturing, research and development, operations, sales and financial results.***

Our business has been, and may continue to be, adversely impacted by the effects of the COVID-19 pandemic or other future pandemics. In addition to global and domestic macroeconomic effects, during fiscal 2022 and 2023, the COVID-19 pandemic and related adverse public health measures caused disruption to our global operations and sales. Our third-party manufacturing partners, suppliers, distributors, subcontractors and customers have been, and may continue to be, disrupted by worker absenteeism, quarantines and restrictions on their employees' ability to work; office and factory closures; disruptions to ports and other shipping infrastructure; border closures; and other travel or health-related restrictions. Depending on the magnitude of such effects on our manufacturing, assembling, testing, and packaging activities or the operations of our manufacturing partners, suppliers, distributors, sub-

contractors and customers, our supply chain, manufacturing and product shipments will be delayed, which could adversely affect our business, operations and customer relationships.

Although the COVID-19 pandemic related restrictions above have eased in most places, any resurgences or appearances of new variants of COVID-19 or emergence of other contagious diseases in various regions may result in the reinstitution of similar restrictions. We expect lingering impacts related to COVID-19 to continue for the foreseeable future. For example, we were impacted by COVID-19 outbreaks in Asia during the first half of fiscal 2023 that resulted in closed factories, clogged ports and a shortage of workers as officials imposed lockdowns and mass testing requirements.

In addition to operational and customer impacts, the COVID-19 pandemic has had, and is expected to continue to have (and future pandemics are expected to have), a significant impact on the economies and financial markets of many countries including an economic downturn, which has affected and may in the future affect demand for our products and impact our operating results in both the near and long term. There can be no assurance that any decreases in sales resulting from the COVID-19 pandemic (or any future pandemic) will be offset by increased sales in subsequent periods.

Our ongoing efforts to manage these and other potential impacts of the COVID-19 pandemic (and any impacts of future pandemics) may be unsuccessful. As the COVID-19 pandemic reaches endemic stages, due to the continued uncertainty regarding its severity and duration (including resurgences or mutations of the virus), related public health measures and macroeconomic impacts, at this time we are unable to predict its full impact on our business, cash flows, financial condition, and results of operation.

***We may not receive timely payments from our customers, which could adversely affect our business, financial condition and results of operations.***

Our ability to receive timely payments from our customers could adversely impact our collection of accounts receivable, and, as a result, our revenue. We regularly review the collectability and creditworthiness of our customers to determine an appropriate allowance for credit losses. Based on our review of our customers, we had no reserve for credit losses as of April 27, 2024 and April 29, 2023. If our credit losses were to exceed our current or future allowance for credit losses, our business, financial condition and results of operations would be adversely affected.

***We may not be able to accurately 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 additional 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 or solutions, take advantage of business opportunities or respond to competitive pressures, which could negatively impact our business, financial condition and results of operations.

***We may not be able to effectively manage our growth without incurring significant expenditures necessary to address the additional operational and control requirements of our growth.***

To effectively manage our growth, we must continue to expand our operational, engineering and financial systems, procedures and controls and to improve our accounting and other internal management systems. This may require substantial managerial and financial resources, and our efforts in this regard may not be successful. Our current systems, procedures and controls may not be adequate to support our future operations. In addition, in connection with operating as a public company, we incur additional

significant legal, accounting and other expenses that we did not incur as a private company. If our revenue does not increase to offset these increases in our expenses, we may not achieve or maintain profitability in future periods. Any failure to successfully implement systems enhancements and improvements will likely have a negative impact on our ability to manage our expected growth as well as our ability to ensure uninterrupted operation of key business systems and compliance with the rules and regulations applicable to public companies.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new or improved products or solutions, and we may fail to satisfy customer product or support requirements, maintain the quality of our products or solutions, execute our business plan or respond to competitive pressures, any of which could negatively affect our business, financial condition, and results of operations.

***If we fail to retain any distributors upon which we rely to assist in selling our products, or if any of these parties fail to perform as expected, it could reduce our future sales.***

To the extent we rely on distributors, we may be unable to predict the extent to which these distributors will be successful in marketing and selling our products. Moreover, many of these distributors are also likely to market and sell competing products, which may affect the extent to which they would promote our products. Even where our relationships are formalized in contracts, distributors have the right to terminate their relationships with us at any time. Our future performance may also depend, in part, on our ability to attract distributors who would be able to market and support our products effectively, especially in markets in which we have not previously sold our products. If we cannot retain distributors or find replacement distributors, our business, financial condition and results of operations could be harmed. Moreover, because we do not control the sales representatives and other employees of our distributors, any actions by the sales representatives and other employees of our distributors that do not comply with our sales process or priorities or applicable regulatory requirements could harm the reputation of our company or our products, result in legal liability to us or result in sales that are below our expectations, any of which could have a material adverse effect on our business, financial condition and results of operations.

***Our compliance with applicable environmental, health and safety laws, as well as sustainability initiatives and climate change regulations, could increase our costs, restrict our operations and require expenditures that could negatively affect our results of operations and financial condition.***

We and our manufacturers and other suppliers are subject to a variety of international laws and regulations relating to the use, disposal, clean-up of and human exposure to hazardous materials. Compliance with environmental, health and safety requirements could, among other things, restrict our ability to expand our facilities or require us to acquire pollution control equipment, all of which can be very costly. Any failure by us to comply with such requirements could result in the limitation or suspension of the manufacture of our products and could result in litigation against us and the payment of significant fines and damages by us in the event of a significant adverse judgment. In addition, complying with any cleanup or remediation obligations for which we are or become responsible could be costly and have a material adverse effect on our business, financial condition and results of operations.

Changing requirements relating to the materials composition of our semiconductor products, including the restrictions on lead and certain other substances in electronic products sold in various countries, including the United States, the PRC and Japan, and in the European Union, increase the complexity and costs of our product design and procurement operations and may require us to re-engineer our products. Such re-engineering may result in excess inventory or other additional costs and could have a material adverse effect on our results of operations. We may also experience claims from employees from time to time with regard to exposure to hazardous materials or other workplace related environmental claims.

Increasingly regulators, customers, investors, employees and other stakeholders are focusing on sustainability matters. While we have certain sustainability initiatives at the Company there can be no

assurance that regulators, customers, investors, and employees will determine that these programs are sufficiently robust. In addition, there can be no assurance that we will be able to accomplish our announced goals related to our sustainability initiatives, as statements regarding our sustainability goals reflect our current plans and aspirations and are not guarantees that we will be able to achieve them within the timelines we announce or at all. Actual or perceived shortcomings with respect to our sustainability initiatives and reporting can impact our ability to hire and retain employees, increase our customer base, reelect our board of directors, or attract and retain certain types of investors. In addition, many of our stakeholders are increasingly focused on specific disclosures and frameworks related to sustainability matters. Collecting, measuring, and reporting sustainability information and metrics can be costly, difficult and time consuming, is subject to evolving reporting standards, and can present numerous operational, reputational, financial, legal and other risks, any of which could have a material impact on us, including on our reputation and stock price. Inadequate processes to collect and review this information prior to disclosure could subject us to potential liability related to such information.

***There is a risk that we will be a passive foreign investment company for the current or any future taxable year, which generally would result in adverse U.S. federal income tax consequences to U.S. investors in our ordinary shares.***

In general, a non-U.S. corporation is a passive foreign investment company (PFIC) for U.S. federal income tax purposes for any taxable year in which (i) 50% or more of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income, or (ii) 75% or more of its gross income consists of passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents or royalties (other than certain rents or royalties earned in the conduct of an active business) and investment gains. Cash is generally a passive asset for these purposes. Goodwill is generally characterized as an active asset to the extent it is associated with business activities that produce active income.

Based on the manner in which we currently conduct our business, our current and expected composition of our income and assets and the estimated value of our assets, we believe that we were not a PFIC for our taxable year ending on April 27, 2024. However, our PFIC status for any year is based on an annual determination for such year, and there can be no assurance that we will not be a PFIC for our current taxable year or any future taxable year. If we were a PFIC for any taxable year during which a U.S. taxpayer held ordinary shares, the U.S. taxpayer generally would be subject to adverse U.S. federal income tax consequences, including increased tax liability on disposition gains and certain distributions and additional reporting requirements.

***Changes in our tax rates or exposure to additional tax liabilities or assessments could affect our profitability, and audits by tax authorities could result in additional tax payments.***

We are affected by various taxes imposed in different jurisdictions, including direct and indirect taxes imposed on our global activities. Significant judgment is required in determining our provisions for taxes, and there are many transactions and calculations where the ultimate tax determination is uncertain. The amount of income tax we pay is subject to ongoing audits by tax authorities. If audits result in payments or assessments, our future results may include unfavorable adjustments to our tax liabilities, and we could be adversely affected. Any significant changes to the tax system in the jurisdictions where we operate could adversely affect our business, financial condition and results of operations.

***Cybersecurity breaches, cyberattacks, and other disruptions to information technology systems could disrupt our operations, compromise the confidentiality of our data or our intellectual property, and adversely affect our business, reputation, operations, and financial results.***

We rely on our information technology systems, and those of our vendors, suppliers, and customers, including hardware, software, cloud services, infrastructure, networks, and systems, for the effective operation of our business and for secure maintenance and storage of confidential data relating to our business. Additionally, in the ordinary course of business we collect, store and otherwise process sensitive data, including intellectual property and proprietary business information as well as personal information of our customers and employees, on information technology systems, including systems that may be controlled or maintained by third parties. The secure operation of these information technology systems, and the processing and maintenance of the information processed by these systems, is critical to our business operations. While we strive to implement various controls and defenses, cybersecurity attacks and threats have continued to become more prevalent and sophisticated. These threats are constantly evolving, making it increasingly difficult to successfully defend against or implement adequate preventive measures. Geopolitical tensions or conflicts have in the past led to, and may in the future lead to, increased risk of cybersecurity attacks. Additionally, AI technologies also may be used to implement certain cybersecurity attacks or to increase their intensity, which may further increase risk. Notwithstanding defensive measures, experienced programmers, hackers, state actors, or others may be able to penetrate our security controls, or those of our vendors, suppliers, or customers, through attacks such as, but not limited to, phishing or other forms of social engineering, impersonating authorized users, ransomware, spyware, viruses, worms and other malicious software programs, software supply chain attacks, exploitation of compromised commercial software, bugs and other cybersecurity weaknesses and vulnerabilities, covert introduction of malware to computers and networks. Any attack on the information technology systems of us or one of our vendors, suppliers, or customers may be difficult to detect, designed to remain dormant until a triggering event, or may continue undetected for an extended period of time. In addition, our information technology systems and those of our vendors, suppliers, and customers may be vulnerable to damage, disruptions, or shutdowns due to errors, negligence or malfeasance by employees, contractors, or others.

Cybersecurity breaches, cyberattacks, and other disruptions to our information technology systems or those of our vendors, suppliers, or customers could compromise the confidentiality, operational integrity, and accessibility of our information technology systems, or those of our vendors, suppliers, or customers, which could result in the compromise or unauthorized access to, or publication, loss, or other processing of, our data (including personal information) or intellectual property, as well as interruptions or delays in our business operations, loss of existing or future customers, and damage to our reputation, which could adversely affect our business, reputation, and financial results. In addition, such events could result in violations of privacy, data protection, cybersecurity, or other laws or regulations, increase the risk of litigation or regulatory investigation, or cause us to incur losses, including if attackers initiate wire transfers or access our bank or investment accounts. We expect ongoing and increasing costs related to investments in technology, controls, processes, and practices, however these investments may not be sufficient to shield us from significant losses or liability in the event of a cybersecurity breach, cyberattack or other disruption to our information technology systems.

***Our business may be impacted by information technology system failures or network disruptions, and lack of redundancy.***

Our ability to operate our business depends on the efficient operation of internal and third-party information technology systems, including cloud computing, data centers, hardware, software, and applications, to manage our company. We strive to use quality and secure systems, work with reputable system vendors, and implement procedures intended to enable us to protect our systems.

Our information technology systems and operations could be damaged or interrupted due to events such as natural or human-caused disasters, extreme weather, geopolitical events and security issues, computer viruses, cybersecurity breaches, cyberattacks, disruptions, telecommunication failures, and similar events, which could adversely affect our business, financial condition, and results of operations. Our systems are not fully redundant and depending on the severity of the damage or interruption, our disaster recovery plan and procedures may be inadequate or ineffective. These events could also damage our reputation, and result in increased costs or loss of sales.

## Risks Related to Our Industry

### ***Our target customer and product markets may not grow or develop as we currently expect.***

Within the data infrastructure industry, our target markets include networking OEMs, optical module OEMs, hyperscalers, 5G communications, IoT, HPC and artificial intelligence markets. Any deterioration in our target customer or product markets or reduction in capital spending to support these markets could lead to a reduction in demand for our products, which would adversely affect our business, financial condition and results of operations. Further, these markets are relatively new and still developing, and if our target customer markets do not grow or develop in ways that we currently expect, demand for our products and solutions may not materialize as expected, which would also negatively impact our business, financial condition and results of operations.

We may be unable to predict the timing or development of trends in our target markets with any accuracy. If we fail to accurately predict market requirements or market demand for these products and solutions, our business will suffer. A market shift towards an industry standard that we may not support could significantly decrease the demand for our products and solutions.

Our future revenue growth, if any, will depend in part on our ability to expand within our existing markets, our ability to continue to penetrate emerging markets, such as the 5G communications market, and our ability to enter into new markets. Each of these markets presents distinct and substantial challenges and risks and, in many cases, requires us to develop new customized solutions to address the particular requirements of that market. Meeting the technical requirements and securing design wins in any of these new markets will require a substantial investment of our time and resources. We cannot assure you that we will secure design wins from these or other new markets, or that we will achieve meaningful revenue from sales in these markets. If any of these markets do not develop as we currently anticipate or if we are unable to penetrate them and scale in them successfully, our revenue may not increase or could decline.

### ***The market demand for 100G/200G/400G/800G/1.6T solutions may not sufficiently develop or may develop more slowly than expected.***

We are currently investing significant resources to develop semiconductor solutions supporting 100G/200G/400G/800G/1.6T data transmission rates in order to increase the number of such solutions in our product line. If we fail to accurately predict market requirements or market demand for 100G/200G/400G/800G/1.6T semiconductor solutions, or if our 100G/200G/400G/800G/1.6T semiconductor solutions are not successfully developed or competitive in the industry, our business will suffer. If 100G/200G/400G/800G/1.6T networks are deployed to a lesser extent or more slowly than we currently anticipate, we may not realize any benefits from our investment. As a result, our business, financial condition and results of operations would suffer.

### ***Our business is dependent on continued capital expenditures by data centers and service providers, and any downturn that such centers or providers experience could negatively impact our business, financial condition and results of operations.***

Our business depends on continued capital expenditures by data center service providers and is subject to the cyclical nature of such expenditures. If the demand for our customers' products declines or fails to increase, as a result of lower capital expenditures by service providers or any other factors, demand for our products will be similarly affected. Global economic downturns have caused in the past, and may cause in the future, a significant reduction in capital spending on data infrastructure equipment, which could materially and adversely affect our business, financial condition and results of operations.

***We may be unable to make the substantial and productive research and development investments, which are required for our business to remain competitive.***

The data infrastructure industry requires substantial investment in research and development in order to develop and bring to market new and enhanced technologies and products. Our products originated with our research and development efforts and have provided us with a significant competitive advantage. Our research and development expenses were \$95.5 million for fiscal 2024. We are committed to investing in new product development in order to remain competitive in our target markets. We do not know whether we will have sufficient resources to maintain the level of investment in research and development required to remain competitive. In addition, there is no assurance that the technologies which are the focus of our research and development expenditures will become commercially successful. Increased investments in research and development or unsuccessful research and development efforts could cause our cost structure to fall out of alignment with demand for our products, which would have a negative impact on our financial results.

***The general compute and Artificial Intelligence and Machine Learning (AI/ML) infrastructure market is an emerging market that will depend on the success of generative AI technologies, and this market may not develop as we currently expect, including due to regulatory uncertainty.***

Our hyperscale customers are increasingly pursuing AI/ML infrastructure, and we believe the AI/ML infrastructure market is a significant growth opportunity for our connectivity solutions. Our business operations and future prospects in the AI/ML infrastructure market will depend, in part, on the successful development, deployment, and market acceptance of generative AI technologies. Generative AI involves the use of advanced algorithms and machine learning techniques to create content, generate ideas, or simulate human-like behaviors. While we believe generative AI presents significant opportunities for our connectivity solutions, there are inherent risks and challenges that could hinder our success in this domain, including but not limited to:

- **Uncertain Commercial Viability:** The development and adoption of generative AI technologies are still in their early stages, and their commercial viability is uncertain. There is a risk that the demand for connectivity solutions for such technologies may not meet our expectations or that market acceptance may be slower than anticipated. Failure to achieve widespread acceptance and generate significant revenues from generative AI technologies could negatively impact our financial condition and results of operations.
- **Technical Limitations and Failures:** The development of generative AI technologies is complex, and there are technical challenges associated with achieving the desired level of accuracy, efficiency, and reliability. The algorithms and models utilized in generative AI systems may have limitations, including biases, errors, or inability to handle certain data types or scenarios. Furthermore, there is a risk of system failures, disruptions, or vulnerabilities that could compromise the integrity, security, or privacy of the generated content. These limitations or failures could result in reputational damage, legal liabilities, or loss of user confidence which, in turn, could result in lower than anticipated demand from hyperscalers for connectivity solutions in the AI/ML infrastructure market.
- **Regulatory and Compliance Risks:** Generative AI technologies, and the perceived risks in the use and development of generative AI technologies, is emerging as a source of significant media attention and societal and political debate. The regulatory landscape surrounding generative AI technologies is evolving, and there is currently significant uncertainty as to whether governmental authorities, self-regulatory institutions or other regulatory authorities will take additional action to curtail the development or use of generative AI technologies. Moreover, laws, regulations or industry standards that develop in response to generative AI technologies may be burdensome or may prohibit the deployment of generative AI technologies for one or more uses, any of which could result in lower than anticipated demand from hyperscalers for connectivity solutions in the AI/ML infrastructure market.

- Ethical Considerations and Public Perception: Generative AI technologies raise ethical concerns related to privacy, transparency, fairness, and potential misuse. Public perception of AI and its societal impacts could affect the adoption and acceptance of generative AI systems. Negative media coverage, public backlash, or ethical controversies involving AI technologies, whether related to any company's specific products or the industry as a whole, could harm the reputation of companies providing generative AI systems, limit their market opportunities, or result in additional regulatory scrutiny, any of which could result in lower than anticipated demand from hyperscalers for connectivity solutions in the AI/ML infrastructure market.

These risks are not exhaustive, and additional factors that are currently unknown or beyond our control may also impair the development, deployment, or commercialization of generative AI technologies, which in turn would result in lower than anticipated demand from hyperscalers for connectivity solutions in the AI/ML infrastructure market and could materially and adversely affect our growth prospects and results of operations.

***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 and price erosion, evolving standards, short product life cycles, and wide fluctuations in product supply and demand. From time to time, these factors, together with changes in macroeconomic conditions, can cause significant upturns and downturns in the semiconductor industry, and in our business. The industry has experienced significant downturns during recent global recessions. These downturns have been characterized by diminished product demand, production overcapacity, high inventory levels and accelerated erosion of average selling prices. Any future downturns could negatively impact our business and operating results. Furthermore, any upturn in the semiconductor industry could result in increased competition for access to third-party foundry and assembly capacity. We are dependent on the availability of this capacity to manufacture and assemble our products. Neither our third-party foundry nor our assembly contractors has provided assurances that adequate capacity will be available to us in the future. We cannot predict the duration or timing of any downturn or upturn in the semiconductor industry.

***Social and environmental responsibility regulations, policies and provisions, as well as customer and investor demands, may make our supply chain more complex and may adversely affect our relationships with customers and investors.***

There is an increasing focus on corporate social and environmental responsibility in the semiconductor industry. A number of our customers have adopted, or may adopt, procurement policies that include social and environmental responsibility provisions or requirements that their suppliers should comply with, or they may seek to include such provisions or requirements in their procurement terms and conditions. An increasing number of investors are also requiring companies to disclose corporate social and environmental policies, practices and metrics. Legal and regulatory requirements, as well as investor expectations, on corporate social responsibility practices and disclosure, are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with, given the complexity of our supply chain and our significant outsourced manufacturing. If we are unable to comply, or are unable to cause our suppliers to comply, with such policies or provisions or meet the requirements of our customers and our investors, it could harm our reputation, such customers may stop purchasing products from us, which would harm our revenue and results of operations, or such investors may sell their shares, which could cause the trading price of our ordinary shares to decline.

In addition, as part of their corporate social and environmental responsibility programs, as well as the Dodd-Frank Wall Street Reform and Consumer Protection Act, which imposes disclosure requirements regarding the use in components of products of "conflict minerals" mined from the Democratic Republic of Congo and adjoining countries, whether the components of such products are manufactured by them or third parties, an increasing number of OEMs are seeking to source products that do not contain minerals sourced from areas where proceeds from the sale of such minerals are likely to be used to fund armed

conflicts, such as in the Democratic Republic of Congo. This could adversely affect the sourcing, availability and pricing of minerals used in the manufacture of semiconductor devices, including our products. As a result, we may face difficulties in satisfying these customers' demands, which may harm our sales and operating results. In addition, there are additional costs to us associated with complying with these disclosure requirements and customer requests, such as costs related to our due diligence to determine the source of any conflict minerals used in our products. Compliance with these requirements could be expensive and we may face reputational challenges if we are unable to verify the origins for all "conflict minerals" used in products through the procedures we have implemented.

#### **Risks Related to Our International Operations**

***Our business, financial condition and results of operations could be adversely affected by worldwide economic conditions, as well as political and economic conditions in the countries in which we conduct business.***

We outsource the fabrication and assembly of all of our products to third parties that are primarily located in Asia. In addition, we conduct research and development activities in the United States, mainland China, Taiwan and Hong Kong. We also conduct marketing and administrative functions in the United States and mainland China. In addition, members of our sales force are located in the United States, mainland China, Taiwan, Japan and Canada. Accordingly, our business and operating results are impacted by worldwide economic conditions. Uncertainty about current global economic conditions, which has been characterized by rising interest rates and inflation, geopolitical instability, continuing risk from the COVID-19 pandemic and public health measures related to it, and supply chain uncertainty, has caused, and may continue to cause, businesses to postpone or reduce spending. This in turn could have a material adverse effect on our supply chain or the demand for our products or the systems into which our products are incorporated. Multiple factors relating to our international operations and to particular countries in which we operate could negatively impact our business, financial condition and results of operations. These factors include:

- complexity and costs of managing international operations, including manufacturing, assembly and testing of our products and associated costs;
- compliance with local laws and regulations and unanticipated changes in local laws and regulations, including tax laws and regulations;
- reduced protection of intellectual property rights and heightened exposure to intellectual property theft;
- trade and foreign exchange restrictions and higher tariffs, including the ongoing trade tensions between the United States and the PRC that has resulted in higher tariffs on certain semiconductor products;
- timing and availability of import and export licenses and other governmental approvals, permits and licenses, including export classification requirements;
- restrictions, including economic sanctions, imposed by the U.S. government or foreign governments on our ability to do business with certain companies or in certain countries as a result of international political conflicts, war, climate change or the COVID-19 pandemic, and the complexity of complying with those restrictions;
- 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;
- difficulties in staffing international operations;
- changes in immigration policies which may impact our ability to hire personnel;

- local business and cultural factors that differ from our normal standards and practices;
- differing employment practices and labor relations;
- heightened risk of wars or undeclared armed conflict, terrorist acts, civil disturbances or political instability;
- regional health issues and the impact of public health epidemics on employees and the global economy, such as the worldwide COVID-19 pandemic;
- power outages and natural disasters;
- changes in political, regulatory legal or economic conditions, particularly in locations where we have substantial assets and where conditions could rapidly change;
- disruptions of capital and trading markets;
- difficulty funding and providing liquidity to our international operations, particularly in light of stringent PRC regulations;
- difficulty securing payment obligations from our PRC subsidiaries in the event we rely on our subsidiaries to fund financing requirements; and
- difficulty in obtaining distribution and support.

These risks could harm our international operations, delay new product releases, increase our operating costs and hinder our ability to grow our operations and business and, consequently, our business, financial condition and results of operations could suffer. For example, we rely on TSMC in Taiwan as the foundry for all of our semiconductor products. If political tensions between the PRC and Taiwan were to increase further, it could disrupt our business and adversely affect our financial condition and results of operation.

***Our global operations expose us to numerous legal and regulatory requirements and failure to comply with such requirements, including unexpected changes to such requirements, could adversely affect our results of operations.***

We service our customers around the world. We are subject to numerous, and sometimes conflicting, legal regimes of the United States and foreign national, state and provincial authorities on matters as diverse as anti-corruption, trade restrictions, tariffs, taxation, sanctions, immigration, internal and disclosure control obligations, environmental impact, securities regulation, anti-competition, data protection, cybersecurity, privacy, labor relations, wages and severance and health care requirements. For example, our operations in the United States are, and our operations outside of the United States may also be, subject to U.S. laws on these diverse matters. U.S. laws may be different in significant respects from the laws of the PRC or Taiwan, where we have significant operations, and jurisdictions where we seek to expand. U.S. laws could also directly conflict with PRC laws, forcing businesses to choose between compliance with conflicting legal regimes. For example, in January 2021, the Ministry of Commerce of the People's Republic of China (MOFCOM) issued MOFCOM Order No. 1 of 2021 on Rules Counteracting Unjustified Extraterritorial Application of Foreign Legislation and Other Measures (Order No. 1). MOFCOM's Order No. 1 established a blocking regime aimed at counteracting the impact of foreign sanctions on Chinese persons and entities. It allows MOFCOM to prohibit Chinese persons and entities from complying with identified foreign laws and creates a private right of action for Chinese entities and persons affected by those laws to seek damages. Order No. 1 will become operational once the Chinese government identifies the specific extraterritorial legislation and other measures to which it applies. These measures could include U.S. export controls and sanctions. We also may seek to expand operations in emerging market jurisdictions where legal systems are less developed or familiar to us.

In addition, there can be no assurance that the laws or administrative practices relating to taxation (including the current position as to income and withholding taxes), foreign exchange, export controls, economic sanctions or otherwise in the jurisdictions where we have operations will not change. Changes in tax laws in some jurisdictions may also have a retroactive effect and we may be found to have paid less tax than required in such regions. Compliance with diverse legal requirements is costly, time consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with the performance of our obligations to our customers also could result in liability for significant monetary damages, fines or criminal prosecution, unfavorable publicity and other reputational damage, and allegations by our customers that we have not performed our contractual obligations. Due to the varying degrees of development of the legal systems of the countries in which we operate, local laws might be insufficient to protect our rights.

***We are subject to government regulation, including import, export and economic sanctions laws and regulations that may expose us to liability and increase our costs.***

We are subject to government regulation, including import, export, and economic sanctions (Trade Controls) laws and regulations that may expose us to liability and could increase our costs of doing business. The export or reexport of certain products, software, and other technology may require export authorizations, including by license, a license exception, or other appropriate government authorizations and conditions, including annual or semi-annual reporting. Export control and economic sanctions laws also include prohibitions on the sale or supply of certain of our products to embargoed or sanctioned countries, regions, governments, persons, and entities. Trade Controls laws, are complex and can change frequently and with limited notice and have generally become more stringent and have intensified over time, especially in light of ongoing trade tensions between the United States and the PRC. We may be required to incur significant expense to comply with, or to remedy violations of, these regulations.

For example, we sell to markets in Asia where multiple companies are subject to export restrictions, resulting in license requirements for or, in some instances, the prohibition of, exports of items subject to control under Trade Controls laws of the United States and other countries to those entities. We are taking steps to continuously improve our compliance programs to prevent and, if necessary, detect violations of Trade Controls laws. However, despite our efforts, we have in the past and may again in the future determine that certain exports may have been made in violation of Trade Controls laws. While we have sought to address the deficiencies that resulted in the apparent violations through additional training, system enhancements and enhanced export controls, we cannot assure you that our policies and procedures relating to Trade Controls compliance will prevent violations in the future. If we fail to comply with Trade Controls laws, we and our employees could be subject to civil or criminal penalties, including the possible loss of export privileges, monetary penalties and, in extreme cases, imprisonment of responsible individuals for knowing and willful violations of these laws. We may also be adversely affected through penalties, reputational harm, loss of access to certain markets or otherwise.

In addition, various countries regulate the import and export of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products and solutions or could limit our users' ability to access our products and solutions in those countries. Changes in our products and solutions, or future changes in Trade Controls regulations of the United States or other countries, may prevent our users with international operations from utilizing our products and solutions globally or, in some cases, prevent the export or import of our products and solutions to certain countries, governments or persons altogether. For example, in May 2019, the PRC government announced the establishment of the Unreliable Entity List, a framework for economic sanctions that could restrict or prohibit China-related export or import activities for listed entities, among other measures. In September 2020, the PRC government issued the Regulations on Unreliable Entity List, setting out principles for administration of the Unreliable Entity List framework. Any future change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons or technologies targeted by such regulations, could

result in decreased use of our products and solutions by, or in our decreased ability to export or sell products and solutions to, existing or potential customers with international operations. Any decreased use of our products or solutions or limitation on our ability to export or sell our products and solutions would likely adversely affect our business, financial condition and results of operations.

We cannot predict whether any material suits, claims or investigations relating to these laws may arise in the future. Regardless of the outcome of any future actions, claims or investigations, we may incur substantial costs relating to the investigation and defense of claims of potential violations and such actions may cause a diversion of management time and attention. Also, it is possible that we may be required to pay substantial damages, penalties, or settlement costs which could have a material adverse effect on our business, financial condition and results of operations.

***We face significant economic and political risks associated with doing business in Taiwan, particularly due to the geopolitical tension between Taiwan and mainland China, that could negatively affect our business and the trading price of our ordinary shares.***

We conduct a portion of our business in Taiwan, and our Taiwanese suppliers are critical within our supply chain. Accordingly, our business, financial condition and results of operations and the market price of our ordinary shares may be affected by changes in governmental policies, taxation, inflation or interest rates in Taiwan and by social instability and diplomatic and social developments in or affecting Taiwan which are outside of our control. In particular, the unique political status of Taiwan and its evolving relationship with mainland China has the potential to disrupt our business and the business of our suppliers. Past developments related to the interactions between mainland China and Taiwan, especially in relation to trade activities such as bans on exports of goods from time to time, have on occasion depressed the transactions and business operations of certain Taiwanese companies and Taiwan's overall economic environment. We cannot predict whether there will be escalation of the tensions between mainland China and Taiwan, which would lead to new bans or tariffs on exports or even conflict. A substantial amount of our revenue is derived from products manufactured in Taiwan and as a result, disruptions to business in Taiwan could also adversely impact our business and results of operations.

***We are subject to potential political, legal and economic instability in Hong Kong.***

We generated 36% of our revenue in Hong Kong in fiscal 2024, and 19% of our assets (by book value) were held in Hong Kong as of fiscal 2024. Accordingly, political and economic conditions in Hong Kong and the surrounding region may directly affect our business. Since early 2019, a number of political protests and conflicts have occurred in Hong Kong in connection with proposed legislation that would allow local authorities to detain and extradite people who are wanted in territories that Hong Kong does not have extradition agreements with, including mainland China and Taiwan. Such protests have negatively impacted the economy of Hong Kong, including the retail market, property market, stock market, and tourism.

On May 28, 2020, the National People's Congress of the People's Republic of China approved a proposal to impose a new national security law for Hong Kong and authorized the Standing Committee of the National People's Congress to proceed to work out details of the legislation to be implemented in Hong Kong. On June 30, 2020, The Law of the People's Republic of China on Safeguarding National Security Law in the Hong Kong Special Administrative Region (the Hong Kong National Security Law) became effective. Among other things, it criminalizes separatism, subversion, terrorism and foreign interference in Hong Kong.

As a result of the Hong Kong National Security Law, in July 2020, the U.S. government enacted the Hong Kong Autonomy Act, authorizing the U.S. administration to impose blocking sanctions against individuals and entities determined to "materially contribute" to the erosion of Hong Kong's autonomy. The Hong Kong Autonomy Act further authorizes secondary sanctions, including the imposition of blocking sanctions, against foreign financial institutions that knowingly conduct a significant transaction with foreign persons sanctioned under this authority. On the same day, the U.S. President also issued Executive

Order 13936 pursuant to which existing license exceptions and preferential status for Hong Kong under relevant U.S. export control laws and regulations were revoked. The combined effect of the Hong Kong National Security Law, the Hong Kong Autonomy Act and Executive Order 13936 have caused, and may continue to cause, substantial market uncertainties for businesses operating in Hong Kong. We cannot rule out the possibility of additional sanctions or other forms of penalties by the U.S. and foreign governments against Hong Kong, which may impact our ability to do business in Hong Kong.

***We could be adversely affected by violations of applicable anti-corruption laws or violations of our internal policies designed to ensure ethical business practices.***

We operate in a number of countries throughout the world. We are subject to the risk that we, our U.S. employees or our employees located in other jurisdictions or any third parties that we engage to do work on our behalf in foreign countries may take action determined to be in violation of anti-corruption laws in any jurisdiction in which we conduct business, including the U.S. Foreign Corrupt Practices Act of 1977 (FCPA). In addition, we operate in certain countries in which the government may take an ownership stake in an enterprise and such government ownership may not be readily apparent, thereby increasing the risk of potential FCPA violations. Any violation of the FCPA or any similar anti-corruption law or regulation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our business, results of operations or financial condition. In addition, we have internal ethics policies that we require our employees to comply with in order to ensure that our business is conducted in a manner that our management deems appropriate. If these anti-corruption laws or internal policies were to be violated, our reputation and operations could be substantially harmed.

***Any failure to comply with foreign exchange registration requirements may expose us or our PRC resident beneficial owners or PRC participants of employee stock incentive plans to liability and penalties under PRC law.***

In July 2014, the State Administration of Foreign Exchange of the PRC (SAFE) promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (SAFE Circular 37). SAFE Circular 37 requires PRC residents (including PRC citizens, PRC corporate entities and other persons that are deemed PRC residents) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our shareholders who are PRC residents. SAFE Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information and material matters of the offshore special purpose vehicle, including an increase or decrease of capital contribution by the PRC residents, share transfer or exchange, or mergers or divisions. However, due to inherent uncertainty in the implementation of the regulatory requirements by the PRC authorities, such registration might not always be practically available in all circumstances as provided in those regulations. While it is uncertain whether we will be deemed a "special purpose vehicle" as regulated by SAFE Circular 37, our shareholders or beneficial owners who are PRC residents may be required to conduct the registration, which registrations are yet to be completed, sometimes due to reasons beyond their control.

Further, PRC citizens and certain PRC residents who participate in share incentive plans in overseas listed companies are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures. Our employees who are PRC citizens or residents and who have been or will be granted incentive shares or options may be subject to these regulations. Failure to complete the SAFE registrations may subject our PRC subsidiaries or our executive officers and other employees to fines and legal sanctions.

We may not at all times be fully informed of the identities of all the PRC residents holding direct or indirect interests in our company, and we cannot assure you that all of our shareholders or beneficial owners who are PRC residents or entities, or all of our executive officers and other employees who are PRC citizens or residents and who have been or will be granted incentive shares or options, have

complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE regulations. Failure or inability by our shareholders or beneficial owners who are PRC residents or by our executive officers and other employees who are PRC citizens or residents and who have been or will be granted incentive shares or options to comply with SAFE regulations, failure by us to conduct or amend the foreign exchange registrations of our PRC subsidiaries, or failure to disclose or a misrepresentation of the controller(s) or ultimate shareholders of the foreign invested enterprise that is established through round trip investment, could subject us to fines or legal sanctions, such as restrictions on our overseas or cross-border investment activities or our PRC subsidiaries' ability to make distributions or pay dividends to us. As a result, our ability to contribute capital to fund our business operations in the PRC and our ability to receive distributions from our PRC subsidiaries could be materially and adversely affected. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

***We are subject to fluctuations in exchange rates between and among the currencies of the countries in which we do business.***

Our sales have been historically denominated in U.S. dollars and, in mainland China, the Renminbi. An increase in the value of the U.S. dollar or of the Renminbi relative to the currencies of the countries in which our customers operate could impair the ability of our customers to cost-effectively purchase or integrate our solutions into their product offerings, which may materially affect the demand for our products or solutions and cause these customers to reduce their orders, which in turn would adversely affect our business, financial condition and results of operations. If we increase operations in other currencies in the future, we may experience further foreign exchange gains or losses due to the volatility of other currencies compared to the U.S. dollar and the Renminbi. Certain of our employees are located in Hong Kong and Taiwan. Accordingly, a portion of our payroll as well as certain other operating expenses are paid in currencies other than the U.S. dollar and the Renminbi. Our results of operations 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 results of operations. Furthermore, currency exchange rates have been especially volatile in the recent past, and these currency fluctuations may make it difficult for us to predict our results of operations.

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.

**Risks Related to Our Intellectual Property**

***We may face claims of intellectual property infringement, misappropriation or other violations, which could be time-consuming or costly to defend or settle, result in the loss of significant rights or harm our relationships with our customers or reputation in the industry.***

The semiconductor and data infrastructure industries are characterized by companies that hold patents and other intellectual property rights and that vigorously pursue, protect and enforce intellectual property rights. From time to time, third parties may assert against us and our customers their patent and other intellectual property rights to technologies that are important to our business.

We may in the future, particularly as a public company with an increased profile and visibility, receive communications from others alleging our infringement, misappropriation or other violation of patents, trade secrets or other intellectual property rights. In addition, in the event that we recruit employees from other technology companies, including certain potential competitors, and these employees are involved in the development of products that are similar to the products they assisted in developing for their former employers, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information. We may also in the future be subject to claims by our

suppliers, employees, consultants or contractors asserting an ownership right in our patents or patent applications, as a result of the work they performed on our behalf.

Claims that our products, processes or technology infringe, misappropriate or otherwise violate third-party intellectual property rights, regardless of their merit or resolution, could be time-consuming or costly to defend or settle and could divert the efforts and attention of our management and technical personnel. Infringement claims also could harm our relationships with our customers and might deter future customers from doing business with us. We do not know whether we will prevail in these proceedings given the complex technical issues and inherent uncertainties in intellectual property litigation. If any pending or future proceedings result in an adverse outcome, we could be required to:

- cease the manufacture, use or sale of the infringing products, processes or technology;
- pay substantial damages for infringement, misappropriation or other violation;
- expend significant resources to develop non-infringing products, processes or technology, which may not be successful;
- license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;
- cross-license our technology to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; or
- pay substantial damages to our customers or end-users to discontinue their use of or to replace infringing technology sold to them with non-infringing technology, if available.

Additionally, even if successful in such proceedings, our rights in our products, processes or technology may be invalidated, or narrowed. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our ordinary shares. Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations.

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

In any potential dispute involving patents or other intellectual property, our customers and vendors could also become the target of litigation. Our agreements with customers and vendors generally include indemnification or other provisions under which we agree to indemnify or otherwise be liable to them for certain losses suffered or incurred as a result of claims of intellectual property infringement. Large indemnity payments could harm our business, financial condition and results of operations. From time to time, customers require us to indemnify or otherwise be liable to them for breach of confidentiality or failure to implement adequate security measures with respect to their intellectual property and trade secrets. Although we normally contractually limit our liability with respect to such obligations, we may still incur substantial liability related to them. Any litigation against our customers could trigger technical support and indemnification obligations under some of our agreements, which could result in substantial expense to us.

In addition, other customers and vendors may ask us to indemnify them if a claim is made as a condition to awarding future design wins to us. Because some of our counterparts 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 customers or vendors that could increase our expenses, disrupt our ability to sell our solutions and reduce

our revenue. Any dispute with a customer or vendor with respect to such obligations could have adverse effects on our relationship with such customer or vendor and other current and prospective customers or vendors and reduce demand for our solutions. 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 or vendors, which in turn could hurt our relations with them and cause the sale of our products to decrease. Any of the foregoing could harm our business, financial condition, and results of operations.

***We face risks related to the protection of our intellectual property, particularly outside the United States. We use a significant amount of intellectual property in our business. Monitoring unauthorized use of our intellectual property can be difficult and costly and if we are unable to obtain, maintain and protect our intellectual property, our business could be adversely affected.***

Our success depends in part upon our ability to obtain and maintain patent and other intellectual property protection with respect to our products and the technology we develop. To accomplish this, we rely on a combination of intellectual property rights, including patents, copyrights and trademarks in the United States and in selected foreign countries where we believe filing for such protection is appropriate. We also rely on trade secret laws, as well as confidentiality and non-disclosure and other contractual protections, to protect our proprietary know-how.

We cannot assure you that any patents from any pending or future patent applications will be issued, and even if our pending patent applications are granted, the scope of the rights granted to us may not be meaningful, may not provide us with a commercial advantage and may be subject to reinterpretation after issuance. The patent prosecution process is expensive, time-consuming, and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Failure to timely seek patent protection on products or technologies generally precludes us from seeking future patent protection on these products or technologies. Even if we do timely seek patent protection, the coverage claimed in a patent application can be significantly reduced before a patent is issued, and its scope can be reinterpreted after issuance. We cannot guarantee that:

- any of our present or future patents or patent claims will not lapse or be invalidated, narrowed, circumvented, challenged or abandoned;
- our intellectual property rights will provide competitive advantages to us;
- our ability to assert our intellectual property rights against others (including potential competitors) or to settle current or future disputes will not be limited by our agreements with third parties;
- any of our pending or future patent applications will be issued or have the coverage originally sought;
- our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protections may be weak;
- any of the trademarks, copyrights, trade secrets or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, narrowed, circumvented, challenged, abandoned or otherwise diminished or eliminated; or
- we will not lose the ability to assert our intellectual property rights against or to license our technology to others and collect royalties or other payments.

In addition, our competitors or others may design around our protected patents or other intellectual property rights. Effective intellectual property protection may be unavailable or more limited in foreign jurisdictions relative to those protections available in the United States, or may not be applied for in one or

more relevant jurisdictions. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. The failure of our patents to adequately protect our technology might make it easier for our competitors to offer similar products or technologies, and our business, financial condition and operations could be adversely affected.

Monitoring unauthorized use of our intellectual property is difficult and costly. Unauthorized use of our intellectual property may have occurred or may occur in the future. Although we have taken steps to minimize the risk of this occurring, any such failure to identify unauthorized use and otherwise adequately protect our intellectual property would adversely affect our business. From time to time, we may need to commence litigation or other legal proceedings in order to:

- assert claims of infringement of our intellectual property rights;
- defend our products from piracy;
- protect our trade secrets or know-how; or
- determine the enforceability, scope and validity of the property rights of others.

Lawsuits or other proceedings that we initiate to protect or enforce our patents or other intellectual property rights could be expensive, time consuming and unsuccessful. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property or alleging that our intellectual property is invalid or unenforceable. Moreover, if we are required to commence litigation, whether as a plaintiff or defendant, we would also be forced to divert our attention and the efforts of our employees, which could, in turn, result in lower revenue and higher expenses. If we pursue litigation to assert our intellectual property rights, an adverse decision in any of these legal actions could limit our ability to assert our intellectual property rights, limit the value of our technology or otherwise negatively impact our business, financial condition and results of operations. Legal fees related to such litigation will increase our operating expenses and may reduce our net income.

In addition to patent protection, we also rely on other proprietary rights, including protection of trade secrets, and other proprietary information that is not patentable or that we elect not to patent. However, trade secrets can be difficult to protect and some courts are less willing or unwilling to protect trade secrets. We rely on contractual protections with our customers, suppliers, employees and consultants, and we implement cybersecurity measures designed to protect our trade secrets. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. The semiconductor industry is generally subject to high turnover of employees, so the risk of trade secret misappropriation may be amplified. Unauthorized copying or other misappropriation of our trade secrets and other intellectual property could enable third parties to benefit from our technologies without paying us for doing so, which could harm our business. We cannot assure you that our contractual protections and cybersecurity measures have not been or will not be breached or that we will have adequate remedies for any such breach. Accordingly, we cannot guarantee that we have secured, or will be able to secure, effective protections for all of our trade secrets or other proprietary information that we use or claim rights to.

Many of our products include intellectual property licensed from third parties, and we are party to a number of third-party intellectual property license agreements. Some of these license agreements require us to make one-time payments or ongoing royalty payments. We cannot guarantee that the third-party patents and technology we license will not be licensed to our competitors or others in the semiconductor industry. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in territories included in all of our licenses. In the future, we may need to obtain additional licenses, renew existing license agreements or otherwise replace existing technology. We are unable to predict whether these license agreements can be obtained or renewed or the technology can be replaced on acceptable terms, or at all. In that event, we may be required to expend significant time and resources to redesign our technology, products or the methods for manufacturing them or to develop

or license replacement technology, all of which may not be feasible on a technical or commercial basis. Any disputes with our licensing partners with respect to such agreements could narrow what we believe to be the scope of our rights to the relevant intellectual property, increase our obligations under such agreements or restrict our ability to develop and market our current or new products and services. Any of these events could negatively impact our business, financial condition and results of operations.

Further, certain of our agreements contain provisions permitting the other party to become a party to, or a beneficiary of, a source code escrow agreement under which we place certain proprietary source code in escrow with a third party. Under these source code escrow agreements, our source code may be released to the party upon the occurrence of specified events, such as in situations of our bankruptcy or insolvency or our failure to support or maintain our source code. Disclosing the content of our source code may limit the intellectual property protection we can obtain or maintain for our source code or our software containing such source code and may facilitate intellectual property infringement, misappropriation or other violation claims against us.

In addition, from time to time, we enter into agreements with select customers, vendors and others to customize and otherwise develop technologies and intellectual property, and we expect to enter into new, similar arrangements from time to time in the future. Some of these agreements contain terms that allocate ownership of, and rights to use and enforce, technologies and intellectual property rights. As a result of these agreements, we may be required to limit use of, or refrain from using, certain of such related technologies and intellectual property rights in parts of our business. Determining inventorship and ownership of technologies and intellectual property rights resulting from development activities can be difficult and uncertain. Disputes may arise with customers, vendors and other third parties regarding ownership of and rights to use and enforce these technologies and intellectual property rights or regarding interpretation of our agreements with these third parties, and these disputes may result in claims against us or claims that intellectual property rights, which we believe we own, are not owned by us, are not enforceable, or are invalid. The cost and effort to resolve these types of disputes, or the loss of intellectual property rights if we lose these types of disputes, could harm our business and financial condition.

***A breach of our information technology systems or physical security systems, or any actual or perceived violation of privacy, data protection or cybersecurity laws, could harm our business and operating results.***

We rely on our information technology systems, as well as those of our vendors, suppliers and customers, to transmit, store and otherwise process electronic information (including sensitive data such as confidential business information and personal information relating to employees, customers, and other business partners), and to manage or support a variety of critical business processes and activities. We and our vendors, suppliers and customers face various cybersecurity threats, including threats to our information technology infrastructure and attempts to gain access to our sensitive or proprietary information, denial-of-service attacks, requests for money transfers, ransomware, as well as threats to the physical security of our facilities and employees. In addition, we face cybersecurity threats from entities that may seek to target us through our customers, vendors, subcontractors, employees, and other third parties with whom we do business. We may experience cybersecurity threats such as viruses and attacks by hackers targeting our information technology systems. We can provide no assurance that our current information technology systems, or those of the third parties upon which we rely, are fully protected against such cyber security threats. Although such events have not had a material impact on our financial condition, results of operations or liquidity or reputation to date, future threats could, among other things: cause harm to our business and our reputation; disrupt our operations; expose us to potential liability, regulatory actions and the loss of business; as well as impact our results of operations materially. We believe such attempts are increasing in number and in technical sophistication. In some instances, we, our customers, and the users of our products and services might be unaware of an incident or its magnitude and effects. Due to the evolving nature of these cybersecurity threats, we cannot predict the potential impact of any future incident.

While we take measures to protect the security of, and prevent unauthorized access to, our information technology systems and personal and proprietary information, the cybersecurity controls for our information technology systems, or those of our vendors, suppliers or customers, as well as other cybersecurity practices we follow, may not prevent unauthorized access to, damage to, disablement or encryption of, use or misuse of, disclosure of, modification of, destruction of or loss of our data or the data of others (including personal information and proprietary information). Any actual or perceived cybersecurity incident could harm our business and operating results and could result in, among other things, unfavorable publicity, governmental inquiry and oversight, difficulty in marketing our services, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties including our customers and possible financial obligations for damages related to the theft or misuse of such information or inventory, any of which could negatively impact our business, financial condition and results of operations.

Furthermore, privacy, data protection and cybersecurity are subject to frequently changing and complex laws and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. We are subject to a variety of local, state, national and international laws and regulations that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information in the different jurisdictions in which we operate. Privacy, data protection and cybersecurity laws and regulations, including the European Union's General Data Protection Regulation and the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 (CPRA) (collectively, CCPA), pose increasingly complex compliance challenges, which may increase compliance costs, and any failure to comply with privacy, data protection or cybersecurity laws and regulations could result in significant penalties. Compliance with U.S. and international privacy, data protection and cybersecurity laws and regulations could cause us to incur substantial costs or require us to change our business practices and compliance procedures in a manner adverse to our business. Any inability or perceived inability to adequately address privacy, data protection or cybersecurity concerns, even if unfounded, or to successfully negotiate privacy, data protection or cybersecurity contractual terms with customers, or to comply with applicable laws and regulations relating to privacy, data protection or cybersecurity, could result in additional cost and liability to us, harm our reputation and brand, and could negatively impact our business, financial condition and results of operations. Furthermore, the PRC regulatory authorities have promulgated the Personal Information Protection Law of the PRC and the PRC Data Security Law, to ensure cybersecurity, data and personal information protection. The PRC Data Security Law is a comprehensive data security legislation in mainland 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. There is significant uncertainty in how PRC regulators will interpret and enforce these cybersecurity and data privacy laws, but they contain provisions that allow substantial government oversight and include fines for failure to obtain required approval from or complete required filing procedures with China's cyber and data protection regulators for certain cross-border personal data-related data transfers.

The laws outlined above are only a sample of the governmental laws, regulations and other legal obligations related to privacy, data protection, and cybersecurity to which we may be subject. Various aspects of these laws, including their interpretation and enforcement, remain unclear, resulting in further uncertainty and potentially requiring us to modify our data practices and policies and to incur substantial additional costs and expenses in an effort to comply. Because the interpretation and application of many such laws and regulations, remain uncertain and continue to evolve, it is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our data management practices or the features of our products or solutions, and 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, all of which could have a material adverse effect on our business. Any inability, or perceived inability, to adequately address privacy and data protection concerns, or to comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations, even if unfounded, could result in additional cost and liability to us, damage our reputation,

inhibit sales and have a material adverse effect on our business, results of operations, and financial condition.

***We use certain software governed by open-source licenses, which under certain circumstances could materially adversely affect our business, financial condition, operating results and cash flow.***

Certain of our software, as well as that of our customers and vendors, may be derived from so-called "open source" software that is generally made available to the public by its authors and/or other third parties. Open-source software is made available under licenses that impose certain obligations on us in the event we were to distribute derivative works of the open-source software. These obligations may require us to make source code for the derivative works available to the public and/or license such derivative works under a particular type of license, rather than the forms of license we customarily use to protect our intellectual property. In the event that the copyright holder of any open-source software were to successfully establish in court that we had not complied with the terms of a license for a particular work, we could be required to release the source code of that work to the public and/or stop distribution of that work if the license is terminated, which could adversely impact our business and results of operations.

While we take steps to monitor the use of all 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 have a material adverse effect on our business, results of operations and financial condition.

Further, although some open-source vendors provide warranty and support agreements, it is common for such software to be available "as-is" with no warranty, indemnity or support. Although we monitor our use of such open-source code to avoid subjecting our products to unintended conditions, such use, under certain circumstances, could materially adversely affect our business, financial condition and operating results and cash flow, including if we are required to take remedial action that may divert resources away from our development efforts.

#### **Risks Relating to Investments in Cayman Islands Companies**

***We are a Cayman Islands exempted company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than under U.S. law, you may have less protection for your shareholder rights than you would under U.S. law.***

Our corporate affairs are governed by our memorandum and articles of association, as amended from time to time, the Cayman Islands Companies Act (as amended) and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands.

The Cayman Islands Companies Act provides that a shareholder of a Cayman company shall be entitled to payment of the fair value of that person's shares upon dissenting from a merger or consolidation. However, such rights are not available in respect of the shares of any class for which an open market exists on a recognized stock exchange or recognized interdealer quotation system at the expiry date of the period allowed for written notice of an election to dissent where, upon the merger or the consolidation, the shareholder receives, amongst other things, either:

- (a) shares of a surviving or consolidated company, or depository receipts in respect thereof; or

(b) shares of any other company, or depository receipts in respect thereof, which shares or depository receipts at the effective date of the merger or consolidation, are either listed on a national securities exchange or designated as a national market system security on a recognized interdealer quotation system or held of record by more than two thousand holders.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as shareholders of a corporation incorporated in a jurisdiction in the United States.

The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly defined as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less prescriptive body of corporate laws than most jurisdictions in the United States. In addition, some U.S. states, such as Delaware, have more fulsome and judicially interpreted bodies of corporate law than the Cayman Islands.

***Because we are incorporated under the laws of the Cayman Islands, you may find it difficult to enforce a judgment of U.S. courts for civil liabilities under U.S. federal securities laws against us in the Cayman Islands or against our PRC or Hong Kong subsidiaries.***

Credo Technology Group Holding Ltd is a holding company incorporated as an exempted company under the laws of the Cayman Islands. We conduct substantially all of our operations through our indirect, wholly-owned subsidiaries in the United States and internationally. As such, it may be difficult for investors to enforce judgments obtained in the United States courts against our directors or officers. The courts of the Cayman Islands are unlikely:

- (i) to recognize or enforce against the Company judgments of courts of the United States predicated upon certain civil liability provisions of the securities laws of the United States or any state; and
- (ii) in original actions brought in the Cayman Islands, to impose liabilities against the Company predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as liabilities imposed by those provisions are penal in nature.

In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and/or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

As a result of all of the above, public shareholders may have more difficulty protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a U.S. company.

***Provisions in our amended and restated memorandum and articles of association may have the effect of discouraging lawsuits against our directors and officers.***

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against willful default, willful neglect, breach of fiduciary duty, unconscionable behavior or behavior which falls within the broad stable of conduct identifiable as 'equitable' fraud on the part of the director or officer in question. Our amended and restated memorandum and articles of association provide for indemnification of our officers and directors to the maximum extent permitted by law, including for any liability incurred in their capacities as such, except through their own actual fraud, willful neglect or willful default. Our indemnification obligations may discourage shareholders from bringing a lawsuit against our officers or directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against our officers and directors, even though such an action, if successful, might otherwise benefit us and our shareholders. Furthermore, a shareholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against our officers and directors pursuant to these indemnification provisions.

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

##### ***Our share price may be volatile and may decline, resulting in a loss of some or all of your investment.***

The trading price and volume of our ordinary shares is likely to be volatile and could fluctuate significantly in response to numerous factors, many of which are beyond our control, including but not limited to:

- actual or anticipated fluctuations in our results of operations due to, among other things, changes in customer demand, product life cycles, pricing, ordering patterns and unforeseen operating costs;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts or industry analysts to initiate or maintain coverage of us, publish negative research or reports, changes in financial estimates or ratings by any securities analysts who follow us or our failure to meet these estimates or the expectations of investors;
- announcements by our significant customers of changes to their product offerings, business plans or strategies;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- changes in operating performance and stock market valuations of other technology companies generally, or those in the data infrastructure or semiconductor industry;
- timing and seasonality of the end-market demand;
- cyclical fluctuations in the data infrastructure market and semiconductor industry;
- price and volume fluctuations in the overall stock market from time to time, including as a result of trends in the economy as a whole;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;

- new laws or regulations or new interpretations of existing laws, or regulations applicable to our business;
- changes in our management;
- general economic and market conditions;
- lawsuits threatened or filed against us; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, the market for technology stocks and the stock markets in general have experienced extreme price and volume fluctuations. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, shareholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business, financial condition, and results of operations.

***Substantial future sales of our ordinary shares could cause the market price of our ordinary shares to decline.***

The market price of our ordinary shares could decline as a result of substantial sales of our ordinary shares, particularly sales by our directors, executive officers and significant shareholders, or the perception in the market that holders of a large number of shares intend to sell their shares. As of April 27, 2024, we had outstanding a total of 164,305 thousand ordinary shares. All of these shares are freely tradable in the public market without restriction, except for any shares held by one of our existing "affiliates," as that term is defined in Rule 144 under the Securities Act. As of April 27, 2024, we also had outstanding a warrant to purchase up to 4,080 thousand of our ordinary shares and options and restricted stock units covering 16,560 thousand of our ordinary shares. All of the ordinary shares that are issuable upon exercise of the outstanding options and restricted stock units have been registered for public resale under the Securities Act. The warrants and ordinary shares will become eligible for sale in the public market to the extent such warrants and options are vested and exercised or such restricted stock units are settled, subject to compliance with applicable securities laws. Moreover, certain of our shareholders have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or our shareholders.

***Our actual operating results may not meet our guidance and investor expectations, which would likely cause our share price to decline.***

From time to time, we may release guidance in our earnings releases, earnings conference calls, or otherwise, regarding our future performance that represent our management's estimates as of the date of release. If given, this guidance, which will include forward-looking statements, will be based on projections prepared by our management. Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control. The principal reason that we expect to release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. With or without our guidance, analysts, and investors may publish expectations regarding our business, financial condition, and results of operations. We do not accept any responsibility for any projections or reports published by any such third parties. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. If our actual performance does not meet or exceed our guidance or investor expectations, the trading price of our ordinary shares is likely to decline.

***If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in the market price of our ordinary shares.***

The preparation of financial statements in conformity with generally accepted accounting principles in the United States, or GAAP, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition, inventory valuation, income taxes, impairment of long-lived assets, share-based compensation, operating leases and fair value of ordinary shares. If our assumptions change or if actual circumstances differ from those in our assumptions, our results of operations may be adversely affected and may fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our ordinary shares.

***Our executive officers, directors and their affiliates, if they choose to act together, have the ability to control or significantly influence all matters submitted to shareholders for approval.***

As of April 27, 2024, our executive officers, directors and their affiliates, in the aggregate, beneficially owned approximately 17% of our outstanding ordinary shares. As a result, such persons, acting together, will have the ability to control or significantly influence all matters submitted to our board of directors or shareholders for approval, including the appointment of our management, the election and removal of directors and approval of any significant transaction, as well as our management and business affairs. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other shareholders.

***Anti-takeover provisions in our organizational documents may discourage our acquisition by a third party, which could limit shareholders' opportunity to sell their ordinary shares at a premium.***

Our amended and restated memorandum and articles of association include provisions that could limit the ability of others to acquire control of us, modify our structure or cause us to engage in change of control transactions. These provisions include, among other things:

- a classified board of directors with staggered three-year terms;
- the authorization of the issuance of "blank check" preferred shares that our board of directors could use to implement a shareholder rights plan;
- restrictions on the ability of our shareholders to call meetings or make shareholder proposals;
- our amended and restated memorandum and articles of association may only be amended by a vote of shareholders representing at least two-thirds of the outstanding ordinary shares or by a unanimous written consent;
- shareholders are not permitted to increase the size of our board, fill vacancies on our board or remove directors without cause; and
- the ability of our board of directors, without action by our shareholders, to issue 50,000,000 preferred shares and to issue additional ordinary shares that could have the effect of impeding the success of an attempt to acquire us or otherwise effect a change in control.

These provisions could deter, delay or prevent a third party from acquiring control of us in a tender offer or similar transactions, even if such transaction would benefit our shareholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our ordinary shares if they are viewed as discouraging future takeover attempts.

***If a United States person is treated as owning 10% or more of our outstanding equity, such holder may be subject to adverse U.S. federal income tax consequences.***

If a United States person is treated as owning (directly, indirectly, or constructively) at least 10% of the value or voting power of our outstanding equity, such person may be treated as a "United States shareholder" with respect to each controlled foreign corporation, or CFC, in our group. Because our group includes a U.S. subsidiary, certain of our non-U.S. subsidiaries will be treated as CFCs (regardless of whether we are treated as a CFC). A United States shareholder of a CFC may be required to report annually and include in its U.S. taxable income its pro rata share of such CFC's "Subpart F income," "global intangible low-taxed income," and investments in U.S. property, regardless of whether we make any distributions to the United States shareholder. An individual that is a United States shareholder with respect to a CFC generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such shareholder's U.S. federal income tax return for the year for which reporting was due from starting. We are not required to assist investors in determining whether we are or any of our non-U.S. subsidiaries is treated as a CFC or whether any investor is treated as a United States shareholder with respect to us or our non-U.S. subsidiaries or furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. The United States Internal Revenue Service has provided limited guidance on situations in which investors may rely on publicly available information to comply with their reporting and tax paying obligations with respect to foreign-controlled CFCs. A United States investor should consult its advisors regarding the potential application of these rules to an investment in our ordinary shares.

#### **General Risk Factors**

***We may acquire businesses, enter into licensing arrangements or make investments in other companies or technologies that disrupt our business, are difficult to integrate, impair our operating results, dilute our shareholders' ownership, result in the incurrence of debt, divert management resources or cause us to incur significant expense.***

We may pursue in the future acquisitions of businesses and assets, as well as technology licensing arrangements, that we believe will complement our products, solutions or technologies. We also may pursue strategic alliances that leverage our core technology and industry experience to expand our product offerings or distribution, or make investments in other companies. Any acquisition involves a number of risks, many of which could harm our business, including:

- difficulty in integrating the operations, technologies, products, existing contracts, accounting and personnel of the acquired company or business;
- not realizing the anticipated benefits of any acquisition;
- difficulty in transitioning and supporting customers of the acquired company;
- difficulty in transitioning and collaborating with suppliers of the acquired company;
- diversion of financial and management resources from existing operations;
- the risk that the price we pay or other resources that we devote to the acquisition may exceed the value we realize, or the value we could have realized if we had allocated the purchase price or other resources to another opportunity;

- potential loss of key employees, customers and strategic alliances from either our current business or the acquired company's business;
- inability to successfully bring newly acquired products to market or achieve design wins with such products;
- fluctuations in industry trends that change the demand or purchasing volume of newly acquired products;
- assumption of unanticipated problems or latent liabilities, such as problems with the quality of the acquired products;
- inability to generate sufficient revenue to offset acquisition costs;
- the dilutive effect on our ordinary shares as a result of any acquisitions financed through the issuance of equity;
- inability to successfully complete transactions with a suitable acquisition candidate; and
- in the event of international acquisitions, risks associated with accounting and business practices or regulatory requirements that are different from applicable U.S. practices and requirements.

Acquisitions also frequently result in the recording of goodwill and other intangible assets that are subject to potential impairments, which could harm our financial results. If we fail to properly evaluate acquisitions or investments, it may impair our ability to achieve the anticipated benefits of any such acquisitions or investments, and we may incur costs in excess of what we anticipate. The failure to successfully evaluate and execute acquisitions or investments or otherwise adequately address these risks could materially harm our business, financial condition and results of operations.

To finance any acquisitions or investments, we may choose to issue equity or equity-linked securities as consideration, which could dilute the ownership of our shareholders. If the price of our ordinary shares is low or volatile, we may not be able to acquire other companies for equity or equity-linked consideration. In addition, newly-issued securities may have rights, preferences or privileges senior to those of existing shareholders. 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 operating flexibility, and would also require us to incur interest expense. Additional funds for acquisitions also may not be available on terms that are favorable to us, or at all.

***We depend on our executive officers and other key employees, and the loss of one or more of these employees or an inability to attract or retain highly skilled employees could adversely affect our business.***

Our success depends largely upon the continued services of our executive officers and other key employees, including our engineering and sales and marketing personnel. From time to time, there may be changes in our executive management team or other key personnel, which could disrupt our business. We do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time and with little or no notice. The loss of one or more of our executive officers or other key employees could have an adverse effect on our business, financial condition and results of operations.

In addition, to execute our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel in the San Francisco Bay Area, where our headquarters is located, and in other locations where we maintain offices, is intense, especially for engineers with applications, or analog circuit technology design expertise. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If

we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached legal obligations, resulting in a diversion of our time and resources. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may adversely affect our ability to recruit and retain highly skilled employees. Further, changes in immigration policies may negatively impact our ability to attract and retain personnel, including personnel with specialized technical expertise. If we fail to attract new personnel or fail to retain or motivate our current personnel, our business, financial condition and results of operations could be adversely affected.

***Catastrophic events may disrupt our business.***

Our corporate headquarters, our foundry vendor and some of our suppliers are located in areas that are in active earthquake zones or are subject to power outages, natural disasters, political, social or economic unrest and other potentially catastrophic events, any or all of which may increase as the result of climate change. In the event of a major earthquake, hurricane, flooding or other catastrophic event such as fire, power loss, telecommunications failure, cyber-attack, war, terrorist attack, political, social or economic unrest or disease outbreak, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our product development, cybersecurity breach or loss or other unauthorized processing of data, any of which could have an adverse effect on our business, financial condition or results of operations.

***Litigation and other legal proceedings may adversely affect our business.***

From time to time we may become involved in legal proceedings relating to patent and other intellectual property matters, product liability claims, employee claims, tort or contract claims, federal regulatory investigations, securities class action and other legal proceedings or investigations, which could have an adverse impact on our business, financial condition and results of operations and divert the attention of our management from the operation of our business. Litigation is inherently unpredictable and can result in excessive or unanticipated verdicts and/or injunctive relief that affect how we operate our business. We could incur judgments or enter into settlements of claims for monetary damages or for agreements to change the way we operate our business, or both. There may be an increase in the scope of these matters or there may be additional lawsuits, claims, proceedings or investigations in the future, which could have a material adverse effect on our business, financial condition and results of operations. Adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine our customers' confidence and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or not material to our operations.

***Market conditions and changing circumstances, some of which may be beyond our control, could impair our ability to access our existing cash, cash equivalents and investments and to timely pay key vendors and others.***

Market conditions and changing circumstances, some of which may be beyond our control, could impair our ability to access our existing cash, cash equivalents and investments and to timely pay key vendors and others. For example, on March 10, 2023, Silicon Valley Bank (SVB) was placed into receivership with the Federal Deposit Insurance Corporation (FDIC), which resulted in all funds held at SVB being temporarily inaccessible by SVB's customers. While we did not maintain any accounts with SVB, if other banks and financial institutions with whom we have banking relationships enter receivership or become insolvent in the future, we may be unable to access, and we may lose, some or all of our existing cash, cash equivalents and investments to the extent those funds are not insured or otherwise protected by the FDIC. In addition, in such circumstances we might not be able to timely pay key vendors and others. We regularly maintain cash balances that are not insured or are in excess of the FDIC's insurance limit. Any delay in our ability to access our cash, cash equivalents and investments (or the loss of some or all of such funds) or to timely pay key vendors and others could have a material adverse effect on our operations and cause us to need to seek additional capital sooner than planned.

***If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.***

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the rules and regulations of the applicable listing standards of Nasdaq. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly and place significant strain on our personnel, systems and resources. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We have developed and continue to refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file with the Securities and Exchange Commission (SEC) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers.

In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and will continue to expend, significant resources, including accounting-related costs and significant management oversight. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems and controls to accommodate such changes. If these new systems, controls or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our business or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports that are filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our ordinary shares. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq.

Section 404 of the Sarbanes-Oxley Act requires us to include in our annual reports on Form 10-K an assessment by management of the effectiveness of our internal controls over financial reporting. In addition, we are required to have our independent public accounting firm attest to and report on management's assessment of the effectiveness of our internal control over financial reporting because we ceased to qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act (JOBS Act) as of April 29, 2023. In the future, if we are unable to conclude that we have effective internal control over financial reporting or, if our independent auditors are unable to provide us with an attestation and an unqualified report as to the effectiveness of our internal control over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decline in the trading price of our ordinary shares.

#### **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 risk from cybersecurity threats. These policies and processes are intended to protect the confidentiality, integrity, and availability of our critical information systems and our critical data, including intellectual property and confidential information that is proprietary, strategic, or competitive in nature.

We conduct periodic risk assessments to identify cybersecurity threats. These risk assessments include identifying reasonably foreseeable potential internal and external risks, the likelihood of occurrence and any potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, controls, and other safeguards in place to manage such risks. We also use third-party service providers from time to time in connection with our risk assessment processes.

As part of our overall risk management program, we provide training to employees at all levels on cybersecurity awareness and the protection of confidential information. In addition, we have established a cybersecurity incident response process that includes procedures for detecting and responding to cybersecurity incidents. The Company also participates in a cybersecurity risk insurance policy.

For additional information regarding whether any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, are reasonably likely to materially affect our company, including our business strategy, results of operations, or financial condition, please refer to Item 1A, "Risk Factors," in this annual report on Form 10-K, including the risk factors entitled "Cybersecurity breaches, cyberattacks, and other disruptions to information technology systems could disrupt our operations, compromise the confidentiality of our data or our intellectual property, and adversely affect our business, reputation, operations, and financial results" and "Our business may be impacted by information technology system failures or network disruptions, and lack of redundancy."

#### ***Governance***

Our Board considers cybersecurity risk as part of its overall risk oversight function and has delegated to the Nominating and Corporate Governance Committee of the Board (the NCG Committee) overall oversight of cybersecurity matters and other policies and internal controls regarding cybersecurity risks. The Audit Committee of the Board (the Audit Committee) is responsible for oversight of disclosure controls with respect to potential cybersecurity incidents as well as the Company's compliance with SEC rules applicable to cybersecurity risk management.

In fiscal 2024 the Audit Committee received reports on our cybersecurity risk management initiatives. In addition, our management team updates the Board with respect to the Company's overall cybersecurity risk posture and initiatives in order to improve our cybersecurity risk controls. As necessary, the Audit Committee will oversee management's responses to any significant cybersecurity incidents including any disclosures required by law. The full Board also receives a briefing from management on our cyber risk management program at least annually.

Our management team, which includes our IT management team, is responsible for day-to-day implementation, management and evaluation 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 Legal Officer, Vice President of Systems Engineering, and internal audit function, as needed. Our IT management team supervises both our internal cybersecurity personnel and any retained external

cybersecurity consultants. Our Director of IT has served in various roles in information technology and information security for over 15 years.

Our cybersecurity incident response process is designed to escalate significant cybersecurity incidents to a team of business leaders, including, but not limited to, our Vice President of Systems Engineering, Chief Legal Officer, and Chief Financial Officer. In the case of a cybersecurity incident, this team of business leaders will work 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. The incident response team will also work under the oversight of legal counsel and the Audit Committee to determine whether an incident is material for disclosure purposes under applicable law.

#### **Item 2. Properties**

The following table presents the approximate square footage of our significant leased facilities as of April 27, 2024:

Locations	Primary Use	(Square Feet)	Leased Facilities (1)
United States	Research and design, sales and marketing, administration and operations	88,896	
Mainland China	Research and design, administration and operations	66,929	
Taiwan	Research and design, administration and operations	52,057	
Hong Kong	Administration and operations	7,088	
<b>Total</b>		<b>214,970</b>	

(1) Lease terms expire in various years from 2024 through 2030, and generally include renewals at our option.

We also lease smaller facilities in various domestic and international locations, which are occupied by administrative and sales personnel. We believe that our existing facilities are sufficient for our current needs. We intend to add new facilities and expand our existing facilities as we continue to add employees and grow our business. We believe that new spaces will be available at reasonable terms in the future in order to meet our needs.

#### **Item 3. Legal Proceedings**

From time to time, we are involved in various legal proceedings arising in the ordinary course of our business. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on us. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

The information set forth under "Note 7 - Commitments and Contingencies" in our notes to the consolidated financial statements set forth in Part II, Item 8 of this Annual Report on Form 10-K is incorporated herein by reference. For a discussion of certain risks associated with legal proceedings, please see Part I, Item 1A, "Risk Factors" above.

#### **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

Since our initial public offering in January 2022, our ordinary shares have been traded on the Nasdaq Global Select Market under the symbol "CRDO". Prior to that time, there was no public market for our ordinary share.

#### Holders

On June 17, 2024, there were 73 shareholders of record holding our ordinary shares. We cannot estimate the number of beneficial owners since many brokers and other institutions hold our ordinary shares on behalf of shareholders.

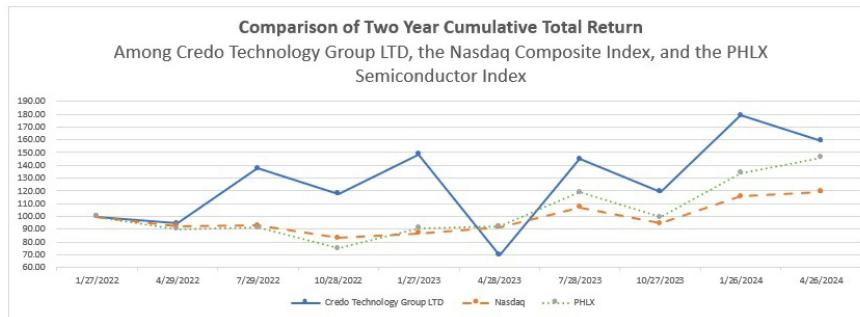
#### Dividends

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.

#### Share Price Performance Graph

*This performance graph shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or incorporated by reference into any filings under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.*

The graph below compares the cumulative total return on our ordinary shares with the cumulative total return of the NASDAQ Composite Index and the Philadelphia Semiconductor Index during the period from January 27, 2022 to April 27, 2024. The graph compares a \$100 investment on January 27, 2022 in our ordinary shares with a \$100 investment on January 27, 2022 in each index and assumes that any dividends were reinvested. Shareholder returns over the indicated periods should not be considered indicative of future share prices or shareholder returns.



#### Recent Sales of Unregistered Securities

None.

#### Use of Proceeds

On December 8, 2023, the Company completed a public offering of 11,500 thousand of its ordinary shares, par value of \$0.00005 per share, at \$17.50 per share. The Company sold 10,440 thousand

shares and certain existing shareholders sold an aggregate of 1,060 thousand shares. All of the shares sold were registered under the Act pursuant to a registration statement on Form S-3 (File No. 333-275894), which became effective on December 5, 2023. The Company received net proceeds of \$173.4 million after deducting offering costs. There has been no material change in the planned use of the proceeds from our follow-on offering as described in our final prospectus filed with the SEC on December 5, 2023.

#### **Issuer Purchases of Equity Securities**

None.

#### **Item 6. [Reserved]**

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in those forward-looking statements. Factors that could cause or contribute to such differences include those identified below and those discussed in the section titled "Risk Factors."*

*A discussion regarding our financial condition and our results of operations for the fiscal year ended April 27, 2024 compared to the fiscal year ended April 29, 2023 is presented below. A discussion regarding our results of operations for the fiscal year ended April 29, 2023 compared to the fiscal year ended April 30, 2022 can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended April 29, 2023, filed with the SEC on June 23, 2023.*

#### **Overview**

Credo provides innovative, secure, high-speed and power-efficient connectivity solutions. Our solutions target the data infrastructure market, where bandwidth requirements are increasing exponentially, driven by the accelerating deployment of leading edge Artificial Intelligence infrastructure and applications. Our connectivity solutions are optimized for optical and electrical Ethernet applications, including the 100G (or Gigabits per second), 200G, 400G, 800G and emerging 1.6T (or Terabits per second) markets. Our products are based on our Serializer/Deserializer (SerDes) and Digital Signal Processor (DSP) technologies. Our product families include integrated circuits (ICs), Active Electrical Cables (AECs) and SerDes Chiplets. Our intellectual property (IP) solutions consist primarily of SerDes IP licensing.

Data generation has increased dramatically over the past ten years, creating new and complicated challenges in both circuit and system design. Our proprietary SerDes and DSP technologies enable us to achieve similar performance to leading competitors' products but at a lower cost and more highly available legacy node (n-1 advantage). Beyond power and performance, Credo continues to innovate to address customers' system level requirements. We partner with Microsoft on our HiWire Switch AEC and open-source implementation that helps realize Microsoft's vision for a highly reliable network-managed dual-Top-of-Rack (ToR) architecture (a network architecture design in which computing equipment located within the same or an adjacent rack are, for redundancy, connected to two in-rack network switches, which are, in turn, connected to aggregation switches via fiber optic cables), overcome complex and slow legacy enterprise approaches, simplify deployment and improve connection reliability in the data center.

The multibillion-dollar data infrastructure market that we serve is driven largely by hyperscale data centers (hyperscalers), as well as general compute, AI/ML infrastructure, multi-service operators (MSOs), and mobile network operators (MNOs). The demands for increased bandwidth, improved power and cost efficiency and heightened security have simultaneously and dramatically expanded as work, education and entertainment have rapidly digitized across myriad endpoint users.

We design, market and sell both product and IP solutions. We help define industry conventions and standards within the markets we target by collaborating with technology leaders and standards bodies. We contract with a variety of manufacturing partners to build our products based on our proprietary SerDes and DSP technologies. We develop standard solutions we can sell broadly to our end markets and also develop tailored solutions designed to address specific customer needs. Once developed, these tailored solutions can generally be broadly leveraged across our portfolio and we are able to sell the part or license the IP to the broader market.

During fiscal 2024 and 2023, we generated \$193.0 million and \$184.2 million in total revenue, respectively. Product sales and product engineering services revenue comprised 85% and 83% of our total revenue in fiscal 2024 and 2023, respectively, and IP license and IP license engineering services revenue represented 15% and 17% of our total revenue in fiscal 2024 and 2023, respectively. Geographically, 31% of our total revenue in both fiscal 2024 and 2023 was generated from customers in North America, and 69% of our total revenue in both fiscal 2024 and 2023 was generated from customers in the rest of the world, primarily in Asia. During fiscal 2024 and 2023, we generated \$28.4 million and \$16.5 million of net loss, respectively.

We derive the substantial majority of our revenue from a limited number of customers. We anticipate we will continue to derive a significant portion of our revenue from a limited number of customers for the foreseeable future. We expect that as our products are more widely adopted and as our number of customers increase, customer concentration will decrease.

We sell our products to hyperscalers, original equipment manufacturers (OEMs), original design manufacturers (ODMs) and optical module manufacturers, as well as to companies in the enterprise and HPC markets. We work closely and have engagements with industry-leading companies across these segments. A relatively small number customers have historically accounted for and continue to account for a significant portion of our revenue. We report revenue by customer in our financial statement disclosure based on the contracting parties who place purchase orders or sign revenue contracts with us. See Note 3 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. However, certain of our end customers have their contract manufacturing partners place orders with us. As a result, the contract manufacturers, rather than the end customers, are reported as our customers for financial reporting purposes. As a supplement to our financial statement footnote disclosure, and to provide further insight into our end customer concentration, the following table summarizes our revenue by customer as a percentage of total revenue based on end customer profile, rather than based on the contracting parties who place purchase orders or sign revenue contracts with us:

	Year Ended	
	April 27, 2024	April 29, 2023
<b>Revenue:</b>		
Customer Z	26 %	55 %
Customer Y	20 %	*
Customer B	15 %	*
Customer C	*	12 %
Customer E	*	13 %

\* Less than 10% of total revenue.

## Our Business Model

We are a product-focused business with a strong foundation in IP, pioneering comprehensive connectivity solutions that deliver bandwidth, scalability, and end-to-end signal integrity for next-generation platforms. We also develop IP solutions to address the specific and complex needs of our customers. We earn revenue from these IP solutions primarily through licensing fees and royalties. In addition to product sales and IP license revenue, we also generated revenue from providing engineering services as part of our product and license arrangements with certain customers. Over time, we expect to generate an increased proportion of our revenue from sales of our products. We expect to see a long-term benefit from improvements in our operating leverage as our business continues to gain scale.

We utilize a fabless business model, working with a network of third parties to manufacture, assemble and test our connectivity products. This approach allows us to focus our engineering and design resources on our core competencies and to control our fixed costs and capital expenditures.

We employ a two-pronged sales strategy targeting both the end users of our products, as well as the suppliers of our end users. By engaging directly with the end user, we are able to better understand the needs of our customers and cater our solutions to their most pressing connectivity requirements.

This strategy has enabled us to become the preferred vendor to a number of our customers who, in turn, in some cases, require their suppliers, OEMs, ODMs and optical module manufacturers to utilize our solutions.

## Components of Our Operating Results

### Revenue

Our revenues consist of sale of our products, licensing of and providing engineering services related to our IP and providing product engineering services. Product sales primarily consists of shipment of our ICs and AEC products. IP license revenue includes fees from licensing of our SerDes IP and related engineering and support fees and royalties. Product engineering consists of engineering fees associated with integration of our technology solutions into our customers' products. Our customers are primarily OEMs who design and manufacture end market devices for the communications and enterprise networks markets. Our revenue is driven by various trends in these markets. Our revenue is also impacted by changes in the number and average selling prices of our IC products.

We recognize revenue upon transfer of control of promised goods and services in an amount that reflects the consideration we expect to receive in exchange for those goods and services. Where an arrangement includes multiple performance obligations, the transaction price is allocated to these on a relative standalone selling price (SSP) basis. We determine the SSP based on an observable standalone selling price when it is available, as well as other factors, including the price charged to customers and our overall pricing objectives, while maximizing observable inputs. When SSPs are not directly observable, we use the adjusted market assessment approach or residual approach, if applicable. We also consider the constraint on estimates of variable consideration when estimating the total transaction price. Our policy is to record revenue net of any applicable sales, use or excise taxes. Changes in our contract assets and contract liabilities primarily result from the timing difference between our performance and the customer's payment. We fulfill our obligations under a contract with a customer by transferring products or services in exchange for consideration from the customer. We recognize a contract asset when we transfer products or services to a customer and the right to consideration is conditional on something other than the passage of time. Accounts receivable are recorded when the customer has been billed or the right to consideration is unconditional. We recognize deferred revenue when we have received consideration or an amount of consideration is due from the customer and we have a future obligation to transfer products or services.

**Product Sales** - We transact with customers primarily pursuant to standard purchase orders for delivery of products and generally allow customers to cancel or change purchase orders within limited

notice periods prior to the scheduled shipment date. We offer standard performance warranties of twelve months after product delivery and offer limited product return rights to certain distributors. We recognize product sales when we transfer control of promised goods in an amount that reflects the consideration to which we expect to be entitled to in exchange for those goods, net of accruals for estimated sales returns and rebates.

**Product Engineering Services Revenue** - Some product revenue contracts include non-recurring engineering services deliverables. We recognize revenue from these agreements over time as services are provided or at a point in time upon completion and acceptance by the customer of contract deliverables, depending on the terms of the arrangement. Revenue is deferred for any amounts billed or received prior to delivery of services. We believe the input method, based on time spent by our engineers, best depicts the efforts expended to transfer services to the customers.

**IP License Revenue** - Our IP license revenue consists of perpetual licenses, support and maintenance, engineering services and royalties. We enter into perpetual semiconductor IP license agreements that have a fixed fee, whereby licensees pay a fixed fee for the right to incorporate our IP technologies into the licensee's products. The IP license agreements do not typically grant the customer the right to terminate for convenience. Where such rights exist, termination is prospective, with no refund of fees already paid by the customer.

IP revenue recognition is dependent on the nature and terms of each agreement. We recognize IP license revenue at the point of time of the delivery of the IP. In connection with the license arrangements, we offer support to assist customers in qualifying their final product. Revenue from customer support is deferred and recognized ratably over the support period, which is typically one year. Some IP license revenue contracts also include non-recurring engineering services deliverables, which were not material for any of the periods presented. We recognize revenue from these agreements similar to the method described under the caption "Product Engineering Services Revenue" above.

In certain cases, we also charge licensees royalties related to the distribution or sale of products that use our technologies. Such royalties are reported to us on a quarterly basis. We estimate the sales-based royalties earned each quarter primarily based on our customers' reporting of sales activity incurred in that quarter. We recognize the estimated royalty revenue when it is probable that reversal of such amounts will not occur. Any differences between actual royalties owed by a customer and the quarterly estimates are recognized when updated information becomes available.

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

Cost of revenue includes cost of materials, such as wafers processed by third-party foundries, cost associated with packaging and assembly, testing and shipping, cost of personnel, including share-based compensation, depreciation of equipment associated with manufacturing support, logistics and quality assurance, warranty cost, amortization of intellectual property purchased from third parties, write-down of inventories and amortization of production mask costs. Costs of revenue includes cost of product sales revenue, cost of product engineering services revenue and cost of IP license revenue.

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

Research and development expenses consist of costs incurred in performing research and development activities and includes salaries, share-based compensation, employee benefits, occupancy costs, pre-production engineering mask costs, overhead costs and prototype wafer, packaging and test costs. Research and development costs are expensed as incurred.

We believe that continued investments in our products are important to our future growth and, as a result, we expect our research and development expenses to continue to increase in absolute dollars.

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

Selling expenses consist of personnel costs including salaries, benefits and share-based compensation expense, field application engineering support, samples to customers, shipping costs and travel and entertainment costs.

General and administrative expenses consist primarily of personnel costs including salaries, benefits, and share-based compensation, related to corporate, finance, legal and human resource functions, contractor and professional services fees, audit and compliance expenses, insurance costs, and general corporate expenses including allocated facilities expenses.

#### **Impairment Charges**

Impairment charges consist primarily of impairment on property and equipment for assets no longer in service.

#### **Other Income and Expense, Net**

Other income and expense, net consists primarily of interest income from significant financing components related to IP license revenue contracts, and foreign exchange gains and losses.

#### **Provision for Income Taxes**

Current income tax expense or benefit represents the amount of income taxes expected to be payable or refundable for the current year. Under this method, deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax bases of assets and liabilities and net operating loss and credit carryforward. Deferred tax assets and liabilities are measured using enacted tax rates applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

We account for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. We recognize the tax effects of an uncertain tax position only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date and only in an amount more likely than not to be sustained upon review by the tax authorities. Interest and penalties related to uncertain tax positions are classified in the consolidated financial statements as income tax expense.

### **Results of Operations**

**Years Ended April 27, 2024 and April 29, 2023**

The following table sets forth information derived from our consolidated statements of operations expressed as a percentage of total revenue:

	Year Ended	
	April 27, 2024	April 29, 2023
<b>Revenue:</b>		
Product sales	75.2 %	76.8 %
Product engineering services	10.3 %	5.9 %
IP license	14.5 %	17.3 %
<b>Total revenue</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>Cost of revenue:</b>		
Cost of product sales revenue	36.5 %	40.8 %
Cost of product engineering services revenue	1.2 %	0.5 %
Cost of IP license revenue	0.4 %	1.0 %
<b>Total cost of revenue</b>	<b>38.1 %</b>	<b>42.3 %</b>
<b>Gross margin</b>	<b>61.9 %</b>	<b>57.7 %</b>
<b>Operating expenses:</b>		
Research and development	49.5 %	41.7 %
Selling, general and administrative	31.2 %	26.2 %
Impairment charges	0.4 %	1.3 %
<b>Total operating expenses</b>	<b>81.1 %</b>	<b>69.2 %</b>
<b>Operating loss</b>	<b>(19.2)%</b>	<b>(11.5)%</b>
Other income (expense), net	7.4 %	1.8 %
Loss before income taxes	(11.8)%	(9.7)%
Provision (benefit) for income taxes	2.9 %	(0.7)%
<b>Net loss</b>	<b>(14.7)%</b>	<b>(9.0)%</b>

#### Comparison of Years Ended April 27, 2024 and April 29, 2023

##### **Revenue**

	Year Ended		
	April 27, 2024	April 29, 2023	% Change
(in thousands, except percentages)			
Product sales	\$ 145,048	\$ 141,475	2.5 %
Product engineering services	19,898	10,780	84.6 %
IP license	28,024	31,939	(12.3)%
<b>Total revenue</b>	<b>\$ 192,970</b>	<b>\$ 184,194</b>	<b>4.8 %</b>

Revenue for fiscal 2024 increased by \$8.8 million primarily due to increases in product engineering services revenue of \$9.1 million.

The increase in product engineering services revenue was primarily due to Credo entering into two new non-recurring engineering contracts, one of which was entered into in fiscal 2024 and which saw significant ramp-up in the year, resulting in revenue recognition of \$15.5 million.

The increase in product sales revenue was driven by growth in Chiplet and Optical products, offset by a modest decline in AEC products. As a result, the product mix was more diverse in fiscal 2024 than in fiscal 2023.

**Cost of Revenue**

	Year Ended			% Change
	April 27, 2024		April 29, 2023	
	(in thousands, except percentages)			
Cost of product sales revenue	\$ 70,498	\$ 75,143		(6.2)%
Cost of product engineering services revenue	2,225	972		128.9 %
Cost of IP license revenue	816	1,885		(56.7)%
<b>Total cost of revenue</b>	<b>\$ 73,539</b>	<b>\$ 78,000</b>		<b>(5.7)%</b>

Cost of revenue decreased by \$4.5 million primarily due to \$4.6 million decrease in cost of product sales revenue. The decrease was driven by improvement of our product sales gross margin from 46.9% in fiscal 2023 to 51.4% in fiscal 2024 as a result of increased product sales that drove the economies of scales.

**Gross Profit and Gross Margin**

	Year Ended			% Change
	April 27, 2024		April 29, 2023	
	(in thousands, except percentages)			
Gross profit	\$ 119,431	\$ 106,194		12.5 %
Gross margin	61.9 %	57.7 %		

Gross margin increased by 4.2 percentage points in fiscal 2024 primarily driven by (a) an increase in our high-margin product engineering services revenue as a percentage of overall revenue; and (b) an increase of product sales gross margin as noted above.

**Research and Development**

	Year Ended			% Change
	April 27, 2024		April 29, 2023	
	(in thousands, except percentages)			
Research and development	\$ 95,531	\$ 76,774		24.4 %
% of total revenue	49.5 %	41.7 %		

Research and development expenses for fiscal 2024 increased by \$18.8 million compared to fiscal 2023. The increase was due primarily to a \$7.0 million increase in personnel costs primarily as a result of new hires for product development, an \$8.0 million increase in share-based compensation expense driven by increased amortization expense from new equity awards granted to employees, a \$2.2 million increase in depreciation expense driven by increased computer equipment and software and laboratory equipment utilized in research and development activities, and a \$1.5 million increase in information technology and facilities costs.

**Selling, General and Administrative**

	Year Ended			% Change
	April 27, 2024		April 29, 2023	
	(in thousands, except percentages)			
Selling, general and administrative	\$ 60,193	\$ 48,248		24.8 %
% of total revenue	31.2 %	26.2 %		

Selling, general and administrative expenses for fiscal 2024 increased by \$11.9 million compared to the same period in fiscal 2023. The increase was due primarily to a \$2.6 million increase in personnel costs as a result of higher selling, general and administrative headcount, a \$7.0 million increase in share-based compensation expense driven by increased amortization expense from new equity awards granted to employees, a \$1.1 million increase in legal expenses and a \$0.6 million increase in software licenses.

#### ***Impairment Charges***

	Year Ended		% Change
	April 27, 2024	April 29, 2023	
	(in thousands, except percentages)		
Impairment charges	\$ 765	\$ 2,407	(68.2)%
% of total revenue		0.4 %	1.3 %

Impairment charges incurred in fiscal 2024 and 2023 were primarily related to the impairments on property and equipment, and third-party IP license that did not reach production qualification.

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

	Year Ended		% Change
	April 27, 2024	April 29, 2023	
	(in thousands, except percentages)		
Provision (benefit) for income taxes	\$ 5,624	\$ (1,367)	(511.4)%
% of total revenue		2.9 %	(0.7)%

Provision for income taxes in fiscal 2024 increased by \$7.0 million compared to the same period in fiscal 2023. The increase was primarily due to the establishment of a full valuation allowance to offset U.S. deferred tax assets in fiscal 2024.

#### ***Liquidity and Capital Resources***

Our activities consist primarily of selling our products, licensing our IP, providing IP customization services and conducting research and development of our products and technology. As of April 27, 2024 and April 29, 2023, we had cash and cash equivalents of \$66.9 million and \$108.6 million, respectively, and working capital of \$485.6 million and \$297.2 million, respectively. Our principal use of cash is to fund our operations and invest in research and development to support our growth. See also Note 7 to our consolidated financial statements included in this Annual Report on Form 10-K for a further discussion of our cash requirements under non-cancelable purchase obligations.

We believe our existing cash and cash equivalents and other components of working capital will be sufficient to meet our needs for at least the next 12 months and in the longer term. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of our sales and marketing and research and development expenditures, customer demand and the continuing market acceptance of our solutions. In the event that we need to borrow funds or issue additional equity, we cannot be assured that any such additional financing will be available on terms acceptable to us, if at all. If we are unable to raise additional capital when we need it, our business, results of operations and financial condition would be adversely affected.

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

	Year Ended	
	April 27, 2024	April 29, 2023
(in thousands)		
Net cash provided by (used in) operating activities	\$ 32,737	\$ (24,615)
Net cash used in investing activities	\$ (249,485)	\$ (130,941)
Net cash provided by financing activities	\$ 175,276	\$ 4,885

#### ***Cash Flows Provided by (Used in) Operating Activities***

Net cash provided by operating activities was \$32.7 million for fiscal 2024. The cash inflows from operating activities for fiscal 2024 were primarily due to a net loss of \$28.4 million adjusted for the following non-cash items: share-based compensation expense of \$39.0 million, depreciation and amortization of \$13.8 million, and other non-cash items of \$9.0 million. This was offset by \$0.7 million of cash outflows for working capital purposes. The cash outflows from working capital for fiscal 2024 were primarily driven by (a) an increase in accounts receivable of \$10.1 million primarily due to increased sales in the fiscal 2024 compared to fiscal 2023 and timing of collection; (b) and an increase in contract assets of \$12.1 million primarily driven by certain IP licensing and engineering services arrangements where certain billing milestones had not yet been reached but the criteria for revenue had been met. This was offset by a decrease in inventory of \$15.8 million primarily driven by tightened production management and increased product sales compared to fiscal 2023.

Net cash used in operating activities was \$24.6 million for fiscal 2023. The cash outflows from operating activities for fiscal 2023 were primarily due to \$16.5 million of net loss and \$50.4 million of cash outflows for working capital purposes, partially offset by \$42.4 million of non-cash items. The cash outflows from working capital for fiscal 2023 were primarily driven by (a) an increase in accounts receivable of \$20.0 million primarily due to increased sales in the fiscal 2023 compared to fiscal 2022 and timing of collection; (b) an increase in inventory of \$24.4 million to better support unfulfilled backlog and related new product ramps; (c) and an increase in contract assets of \$1.6 million primarily driven by certain IP licensing and engineering services arrangements where certain billing milestones had not yet been reached but the criteria for revenue had been met. This was offset by increases in accounts payable of \$3.8 million and accrued expenses, compensation and other liabilities of \$0.5 million due to amounts payable relating to increased purchases of inventory to support growing demand for our products.

#### ***Cash Flows Used in Investing Activities***

Net cash used in investing activities of \$249.5 million in fiscal 2024 was attributable to purchases of property and equipment of \$15.7 million and investments in certificates of deposit of \$169.8 million, partially offset by maturities of investment in certificates of deposit of \$403.6 million. Purchases of property and equipment primarily relate to mask sets purchases for new products introduced or in process of being introduced, and computer equipment and software used for research and development purposes.

Net cash used in investing activities of \$130.9 million in fiscal 2023 was attributable to purchases of property and equipment of \$21.7 million and investment in certificates of deposit of \$159.2 million, partially offset by maturities of investment in certificates of deposits of \$50.0 million. Purchases of property and equipment primarily relate to mask sets purchases for new products introduced or in process of being introduced, and computer equipment and software used for research and development purposes.

#### ***Cash Flows Provided by Financing Activities***

Net cash provided by financing activities of \$175.3 million for fiscal 2024 was primarily attributable to \$173.4 million proceeds from issuance of ordinary shares in connection our follow-on public offering, net of offering costs, \$7.1 million in proceeds from exercises of employee share options and the issuance of

shares under our employee share purchase plan, offset by \$3.1 million in payments for long-term technology license obligations.

Net cash provided by financing activities of \$4.9 million in fiscal 2023 was primarily attributable to \$5.5 million in proceeds from exercises of employee share options and the issuance of shares under our employee share purchase plan.

#### **Critical Accounting Estimates**

We prepare our financial statements in conformity with GAAP. The preparation of financial statements in accordance with GAAP requires certain estimates, assumptions and judgments to be made that may affect our consolidated financial statements. Accounting policies that have a significant impact on our results are described in Note 2 to our consolidated financial statements included elsewhere in this filing. The accounting policies discussed in this section are those that we consider to be the most critical. We consider an accounting policy to be critical if the policy is subject to a material level of judgment and if changes in those judgments are reasonably likely to materially impact our results.

We base our estimates and judgments on our historical experience, knowledge of current conditions, and our beliefs of what could occur in the future, given the available information. Estimates are used for, but not limited to, write-down for excess and obsolete inventories, the SSP for each distinct performance obligation included in customer contracts with multiple performance obligations, variable consideration from revenue contracts, determination of the fair value of share awards and customer warrant, valuation of ordinary shares and the realization of tax assets and estimates of tax reserves. Actual results may differ from those estimates and such differences may be material to the financial statements.

We continue to monitor and assess our critical estimates in light of developments, and as events continue to evolve and additional information becomes available, our estimates may change materially in future periods.

#### **Revenue Recognition**

We recognize revenue upon transfer of control of promised goods and services in an amount that reflects the consideration we expect to receive in exchange for those goods and services. Where an arrangement includes multiple performance obligations, the transaction price is allocated to these on a relative standalone selling price (SSP) basis. We determine the SSP based on an observable standalone selling price when it is available, as well as other factors, including the price charged to customers and our overall pricing objectives, while maximizing observable inputs. The determination of the SSP for certain of our IP requires an estimate of the fair value under the income approach, involving the estimation of future cash flow expected to be generated from the IP. Our policy is to record revenue net of any applicable sales, use or excise taxes.

We transact with customers primarily pursuant to standard purchase orders for delivery of products and generally allow customers to cancel or change purchase orders within limited notice periods prior to the scheduled shipment date. We offer standard performance warranties of twelve months after product delivery and offer limited product return rights to certain distributors, other than returns due to warranty issues. We recognize product sales when we transfer control of promised goods in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods, net of accruals for estimated sales returns and rebates.

We account for the warrant issued to Amazon.com NV Investment Holdings LLC as an equity instrument, based on the specific terms of the warrant agreement. We analyze the probability of vesting of each tranche of the warrant based on the demand forecast from the customer. When we determine that it is probable that a tranche of the warrant will vest and we recognize the related revenue, the grant date

fair value of the associated tranche will be recognized in shareholders' equity and the underlying expense will be amortized as a reduction of revenue in proportion to the amount of related revenue recognized.

#### ***Inventory Valuation***

We value our inventory, which includes raw materials, assembly and test, and other manufacturing costs, at the lower of cost and net realizable value. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. Net realizable value is the estimated selling price of our products in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. We regularly review inventory quantities on hand and non-cancellable purchase commitments, and record write-downs for excess and obsolete inventory based primarily on the shipment history and our estimated forecast of product demand. These factors are impacted by market and economic conditions, technology changes, new product introductions and changes in strategic direction. If the future demand for our products is less favorable than our forecasts, the value of the inventories may be required to be reduced, which could result in additional expense to us and affect our results of operations. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions that we use to calculate our inventory reserve. However, if estimates regarding customer demand are inaccurate or changes in technology affect demand for certain products in an unforeseen manner, we may be exposed to losses or gains that could be material.

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

For more information, see Note 2 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

#### **Foreign Currency Exchange Risk**

The majority of our sales and expenses are denominated in U.S. dollars. Since we operate in many countries, a portion of our international operational expenses is denominated in foreign currencies and exchange volatility could positively or negatively impact those operating expenses. Increases in the value of the U.S. dollar relative to other currencies could make our products more expensive, which could negatively impact our ability to compete. Conversely, decreases in the value of the U.S. dollar relative to other currencies could result in our suppliers raising their prices to continue doing business with us. Additionally, we may hold certain assets and liabilities, including potential tax liabilities, in local currency on our consolidated balance sheets. These tax liabilities would be settled in local currency. Foreign exchange gains and losses from remeasuring the tax liabilities are recorded to interest and other income, net. We do not believe that foreign exchange volatility has had a material impact on our current business or results of operations. However, fluctuations in currency exchange rates could have a greater effect on our business or results of operations in the future to the extent our expenses increasingly become denominated in foreign currencies.

Although we have not entered into foreign currency derivatives to hedge our foreign currency exposure to date, in the future, we may enter into foreign currency forward and option contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. However, we may choose not to hedge certain foreign exchange exposures for a variety of reasons, including, but not limited to, accounting considerations and the prohibitive economic cost of hedging particular exposures.

To provide an assessment of the foreign currency exchange risk associated with our foreign currency exposures within operating expense, we performed a sensitivity analysis to determine the impact that a hypothetical adverse change in exchange rates would have had on our financial statements, with all other variables held constant. If the U.S. dollar weakened by 10%, our operating expense in fiscal 2024 would have increased by approximately 2%.

#### **Interest Rate Risk**

We maintain an investment policy that requires minimum credit ratings and diversification of credit risk. We invest our excess cash primarily in money market mutual funds and time deposits. These investments are recorded on our consolidated balance sheets at fair market value with their related unrealized gain or loss reflected as a component of accumulated other comprehensive income (loss). Investments in both fixed-rate and floating-rate interest-earning securities carry a degree of interest rate risk. The fair market value of fixed-rate securities may be adversely impacted due to a rise in interest rates, while floating-rate securities may produce less income than predicted if interest rates fall.

**Item 8. Financial Statements and Supplementary Data**

**CREDO TECHNOLOGY GROUP HOLDING LTD**

**CONSOLIDATED FINANCIAL STATEMENTS**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Credo Technology Group Holding Ltd

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Credo Technology Group Holding Ltd (the Company) as of April 27, 2024 and April 29, 2023, the related consolidated statements of operations, comprehensive loss, convertible preferred shares and shareholders' equity (deficit) and cash flows for each of the three years in the period ended April 27, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at April 27, 2024 and April 29, 2023, and the results of its operations and its cash flows for each of the three years in the period ended April 27, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of April 27, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated June 24, 2024 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

## Inventory Valuation

### Description of the Matter

The Company's inventories totaled \$25.9 million as of April 27, 2024, representing 4.3% of total assets. As explained in Note 2 to the consolidated financial statements, the Company values inventories at the lower of standard cost (which approximates actual cost determined on a first-in first-out basis) and net realizable value in each reporting period. Excess and obsolete inventory is written down to its estimated net realizable value if less than cost.

Auditing management's estimates for excess and obsolete inventory involved subjective auditor judgment because management's assessment of whether a write down is required and the measurement of any excess of cost over net realizable value is judgmental and considers a number of qualitative factors that are affected by market and economic conditions outside the Company's control. In particular, the excess and obsolete inventory calculations are sensitive to significant assumptions, including demand for the Company's products, which considers adjustments to sales forecasts for specific product considerations, including but not limited to new product launches and expected industry sales growth.

### How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of internal controls over the Company's excess and obsolete inventory write-down process. This included controls over management's assessment of inventory valuation, including the determination of forecasted usage of inventories.

Our audit procedures included, among others, evaluating the significant assumptions stated above and testing the completeness and accuracy of the underlying data used in management's excess and obsolete inventory valuation assessment. We evaluated inventory levels compared to forecasted product demand, historical sales and specific product considerations. We also assessed the historical accuracy of management's estimates and performed sensitivity analyses over the significant assumptions to evaluate the changes in the excess and obsolete inventory estimates that would result from changes in the underlying assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2018.

San Jose, California

June 24, 2024

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Credo Technology Group Holding Ltd

### **Opinion on Internal Control Over Financial Reporting**

We have audited Credo Technology Group Holding Ltd's internal control over financial reporting as of April 27, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Credo Technology Group Holding Ltd (the Company) maintained, in all material respects, effective internal control over financial reporting as of April 27, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of April 27, 2024 and April 29, 2023, the related consolidated statements of operations, comprehensive loss, convertible preferred shares and shareholders' equity (deficit) and cash flows for each of the three years in the period ended April 27, 2024, and the related notes and our report dated June 24, 2024 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

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

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk

that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

San Jose, California

June 24, 2024

**Credo Technology Group Holding Ltd**  
**Consolidated Balance Sheets**

*(in thousands, except per share amounts)*

	<b>April 27, 2024</b>	<b>April 29, 2023</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 66,942	\$ 108,583
Short-term investments	343,061	109,228
Accounts receivable	59,662	49,541
Inventories	25,907	46,023
Contract assets	21,562	9,445
Prepaid expenses and other current assets	13,131	5,412
Total current assets	530,265	328,232
Property and equipment, net	43,665	40,222
Right of use assets	13,077	14,860
Other non-current assets	14,925	13,975
Total assets	<u><u>\$ 601,932</u></u>	<u><u>\$ 397,289</u></u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Accounts payable	\$ 13,417	\$ 6,067
Accrued compensation and benefits	9,000	6,471
Accrued expenses and other current liabilities	18,301	14,454
Deferred revenue	3,902	4,040
Total current liabilities	44,620	31,032
Non-current operating lease liabilities	11,133	12,869
Other non-current liabilities	5,981	5,753
Total liabilities	61,734	49,654
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Ordinary shares, \$ 0.00005 par value; 1,000,000 shares authorized; 164,305 and 148,651 shares issued and outstanding at April 27, 2024 and April 29, 2023, respectively	8	7
Additional paid in capital	676,054	454,795
Accumulated other comprehensive loss	( 519 )	( 191 )
Accumulated deficit	( 135,345 )	( 106,976 )
Total shareholders' equity	540,198	347,635
Total liabilities and shareholders' equity	<u><u>\$ 601,932</u></u>	<u><u>\$ 397,289</u></u>

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

**Credo Technology Group Holding Ltd**  
**Consolidated Statements of Operations**  
*(in thousands, except per share amounts)*

	<b>Year Ended</b>		
	<b>April 27, 2024</b>	<b>April 29, 2023</b>	<b>April 30, 2022</b>
<b>Revenue:</b>			
Product sales	\$ 145,048	\$ 141,475	\$ 73,721
Product engineering services	19,898	10,780	7,741
IP license	28,024	31,939	25,015
<b>Total revenue</b>	<b>192,970</b>	<b>184,194</b>	<b>106,477</b>
<b>Cost of revenue:</b>			
Cost of product sales revenue	70,498	75,143	40,082
Cost of product engineering services revenue	2,225	972	1,918
Cost of IP license revenue	816	1,885	462
<b>Total cost of revenue</b>	<b>73,539</b>	<b>78,000</b>	<b>42,462</b>
<b>Gross profit</b>	<b>119,431</b>	<b>106,194</b>	<b>64,015</b>
<b>Operating expenses:</b>			
Research and development	95,531	76,774	47,949
Selling, general and administrative	60,193	48,248	34,900
Impairment charges	765	2,407	3,134
<b>Total operating expenses</b>	<b>156,489</b>	<b>127,429</b>	<b>85,983</b>
<b>Operating loss</b>	<b>( 37,058 )</b>	<b>( 21,235 )</b>	<b>( 21,968 )</b>
Other income (expense), net	14,313	3,321	( 245 )
Loss before income taxes	( 22,745 )	( 17,914 )	( 22,213 )
Provision (benefit) for income taxes	5,624	( 1,367 )	( 37 )
<b>Net loss</b>	<b>\$ ( 28,369 )</b>	<b>\$ ( 16,547 )</b>	<b>\$ ( 22,176 )</b>
<b>Net loss per share:</b>			
Basic and diluted	\$ ( 0.18 )	\$ ( 0.11 )	\$ ( 0.25 )
<b>Weighted-average shares used in computing net loss per share:</b>			
Basic and diluted	<b>155,091</b>	<b>146,556</b>	<b>88,398</b>

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

**Credo Technology Group Holding Ltd**  
**Consolidated Statements of Comprehensive Loss**

*(in thousands)*

	Year Ended		
	April 27, 2024	April 29, 2023	April 30, 2022
Net loss	\$ ( 28,369 )	\$ ( 16,547 )	\$ ( 22,176 )
Other comprehensive loss:			
Foreign currency translation loss	( 328 )	( 214 )	( 204 )
Total comprehensive loss	<u><u>\$ ( 28,697 )</u></u>	<u><u>\$ ( 16,761 )</u></u>	<u><u>\$ ( 22,380 )</u></u>

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

**Credo Technology Group Holding Ltd**  
**Consolidated Statements of Convertible Preferred Shares and Shareholders' Equity (Deficit)**  
*(in thousands, except share amounts)*

	Convertible Preferred Shares		Ordinary Shares			Accumulated			Total Shareholders' Equity (Deficit)
	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Other Comprehensive Income (Loss)	Accumulated Deficit		
<b>Balances at April 30, 2021</b>	<b>50,809</b>	<b>\$ 197,965</b>	<b>68,282</b>	<b>\$ 3</b>	<b>\$ 12,592</b>	<b>\$ 227</b>	<b>\$ ( 68,253 )</b>	<b>\$ ( 55,431 )</b>	
Issuance of Series D convertible preferred shares, net of issuance costs	1,251	7,245	—	—	—	—	—	—	—
Conversion of preferred shares into ordinary shares	( 52,060 )	( 205,210 )	52,060	3	205,207	—	—	205,210	
Issuance of ordinary shares in connection with initial public offering, net of offering costs	—	—	21,384	1	194,204	—	—	194,205	
Ordinary shares issued under employee share incentive plans	—	—	3,029	—	2,731	—	—	2,731	
Share-based compensation	—	—	—	—	9,188	—	—	9,188	
Warrant contra revenue	—	—	—	—	640	—	—	640	
Total comprehensive gain (loss)	—	—	—	—	—	( 204 )	( 22,176 )	( 22,380 )	
<b>Balances at April 30, 2022</b>	<b>—</b>	<b>\$ —</b>	<b>144,755</b>	<b>\$ 7</b>	<b>\$ 424,562</b>	<b>\$ 23</b>	<b>\$ ( 90,429 )</b>	<b>\$ 334,163</b>	
Ordinary shares issued under employee share incentive plans	—	—	3,896	—	5,497	—	—	5,497	
Share-based compensation	—	—	—	—	23,516	—	—	23,516	
Warrant contra revenue	—	—	—	—	1,220	—	—	1,220	
Total comprehensive loss	—	—	—	—	—	( 214 )	( 16,547 )	( 16,761 )	
<b>Balances at April 29, 2023</b>	<b>—</b>	<b>\$ —</b>	<b>148,651</b>	<b>\$ 7</b>	<b>\$ 454,795</b>	<b>\$ ( 191 )</b>	<b>\$ ( 106,976 )</b>	<b>\$ 347,635</b>	

	Convertible Preferred Shares		Ordinary Shares		Additional Paid-in Capital	Other Comprehensive Income (Loss)	Accumulated Deficit		Total Shareholders' Equity (Deficit)			
			Number of Shares	Amount			Accumulated Deficit					
	Number of Shares	Amount					Number of Shares	Amount				
Issuance of common stock in connection with secondary public offering, net of offering costs	—	—	10,440	1	173,415	—	—	—	173,416			
Ordinary shares issued under employee share incentive plans	—	—	5,329	—	7,055	—	—	—	7,055			
Tax withheld related to RSU settlement	—	—	( 115 )	—	( 2,158 )	—	—	—	( 2,158 )			
Share-based compensation	—	—	—	—	39,022	—	—	—	39,022			
Warrant contra revenue	—	—	—	—	3,925	—	—	—	3,925			
Total comprehensive loss	—	—	—	—	—	( 328 )	( 28,369 )	( 28,697 )				
<b>Balances at April 27, 2024</b>	<b>—</b>	<b>\$ —</b>	<b>164,305</b>	<b>\$ 8</b>	<b>\$ 676,054</b>	<b>\$ ( 519 )</b>	<b>\$ ( 135,345 )</b>	<b>\$ 540,198</b>				

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

**Credo Technology Group Holding Ltd**  
**Consolidated Statements of Cash Flows**  
*(in thousands)*

	Year Ended		
	April 27, 2024	April 29, 2023	April 30, 2022
<b>Cash flows from operating activities:</b>			
Net loss	\$ ( 28,369 )	\$ ( 16,547 )	\$ ( 22,176 )
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	13,771	9,514	4,793
Share-based compensation	39,022	23,516	9,188
Warrant contra revenue	3,925	1,220	640
Write-downs for excess and obsolete inventory	4,354	5,693	1,444
Impairment of assets	765	2,407	4,887
Changes in operating assets and liabilities			
Accounts receivable	( 10,121 )	( 20,017 )	( 15,879 )
Inventories	15,762	( 24,379 )	( 21,677 )
Contract assets	( 12,117 )	1,609	( 4,673 )
Prepaid and other current assets	( 7,719 )	512	2,808
Other non-current assets	( 654 )	( 7,977 )	( 1,654 )
Accounts payable	8,806	( 3,843 )	4,748
Accrued expenses, compensation and other liabilities	5,703	491	9,601
Deferred revenue	( 391 )	3,186	( 2,882 )
<b>Net cash provided by (used in) operating activities</b>	<b>32,737</b>	<b>( 24,615 )</b>	<b>( 30,832 )</b>
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	( 15,652 )	( 21,713 )	( 17,580 )
Purchases of short-term investments	( 403,587 )	( 159,228 )	—
Maturities of short-term investments	169,754	50,000	—
<b>Net cash used in investing activities</b>	<b>( 249,485 )</b>	<b>( 130,941 )</b>	<b>( 17,580 )</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of ordinary shares in connection with public offering, net of offering costs	173,431	—	194,205
Payments on technology license obligations	( 3,052 )	( 616 )	—
Proceeds from employee share incentive plans	7,055	5,501	2,731
Tax withheld related to RSU settlement	( 2,158 )	—	—
Proceeds from issuance of convertible preferred shares, net of issuance costs	—	—	7,245
<b>Net cash provided by financing activities</b>	<b>175,276</b>	<b>4,885</b>	<b>204,181</b>
Effect of exchange rate changes on cash	( 169 )	( 68 )	( 204 )
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>( 41,641 )</b>	<b>( 150,739 )</b>	<b>155,565</b>
Cash and cash equivalents at beginning of the year	108,583	259,322	103,757
<b>Cash and cash equivalents at end of the year</b>	<b>\$ 66,942</b>	<b>\$ 108,583</b>	<b>\$ 259,322</b>
Supplemental cash flow information:			
Income taxes paid	\$ ( 1,054 )	\$ ( 1,204 )	\$ ( 427 )
Purchases of property and equipment included in accounts payable, accrued expenses and other liabilities	\$ 8,287	\$ 10,909	\$ 168
Conversion of convertible preferred shares into ordinary shares upon initial public offering	\$ —	\$ —	\$ 205,210

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

**Credo Technology Group Holding Ltd**  
**Notes to Consolidated Financial Statements**

**1. Description of Business and Basis of Presentation**

Credo Technology Group Holding Ltd was formed as an exempted company under the laws of the Cayman Islands in September 2014. Credo Technology Group Holding Ltd directly owns Credo Technology Group Ltd., which owns, directly and indirectly, all of the shares of its subsidiaries in mainland China, Hong Kong, and the United States (U.S.). References to the "Company" in these notes refer to Credo Technology Group Holding Ltd and its subsidiaries on a consolidated basis, unless otherwise specified.

The Company is an innovator in providing secure, high-speed connectivity solutions that deliver improved power and cost efficiency. The Company's connectivity solutions are optimized for optical and electrical Ethernet applications, including the 100G, 200G, 400G, 800G and emerging 1.6T markets. The Company's products are based on its Serializer/Deserializer (SerDes) and Digital Signal Processor (DSP) technologies. The Company's product families include integrated circuits (ICs), Active Electrical Cables (AECs) and SerDes Chiplets. The Company's intellectual property (IP) solutions consist primarily of SerDes IP licensing.

***Basis of Presentation***

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (GAAP). The consolidated financial statements include the results of Credo Technology Group Holding Ltd and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Effective May 1, 2022, the Company changed its fiscal year to a 52- or 53-week period ending on the Saturday closest to April 30. The additional week in a 53-week year is added to the first quarter, making such quarter consist of 14 weeks. Accordingly, every fifth or sixth fiscal year will have a 53-week period. Our fiscal year ended April 27, 2024 (fiscal year 2024) is a 52-week fiscal year. Fiscal year 2025, ending May 3, 2025, is a 53-week fiscal year.

***Reclassifications***

Certain prior period balances were reclassified to conform to the current period's presentation. None of these reclassifications had an impact on reported net loss or cash flows for any of the periods presented.

***Public Offering of Shares***

On January 31, 2022, the Company completed an initial public offering (the "IPO") of 20,000 thousand of its ordinary shares, par value \$ 0.00005 per share (the "Shares"), at a public offering price of \$ 10.00 per share. The Company sold 18,384 thousand Shares and certain existing shareholders sold an aggregate of 1,616 thousand Shares. The Company received net proceeds of \$ 171.9 million after deducting underwriting discounts and commissions.

Immediately prior to the Closing, all of the Company's outstanding Series A convertible preferred shares, Series B convertible preferred shares, Series C convertible preferred shares, Series D convertible preferred shares and Series D+ convertible preferred shares (collectively, the "Preferred Shares") automatically converted into ordinary shares on a one -for-one basis, and such Preferred Shares were cancelled, retired and eliminated from the shares that the Company is authorized to issue and shall not be reissued by the Company.

In connection with the IPO, the underwriters were granted a 30-day option to purchase from the Company up to an additional 3,000 thousand of the Company's ordinary shares at the public offering price, less underwriting discounts and commissions. On February 7, 2022, the underwriters exercised the option to purchase additional shares in full, which purchase closed on February 10, 2022. The Company received net proceeds of \$ 28.1 million after deducting underwriting discounts and commissions. The

**Credo Technology Group Holding Ltd**  
**Notes to Consolidated Financial Statements**

Company incurred total IPO offering costs of \$ 5.7 million, which were recorded as a reduction in additional paid-in capital as of April 30, 2022.

On December 8, 2023, the Company completed a public offering of 11,500 thousand of its ordinary shares, par value of \$ 0.00005 per share, at \$ 17.50 per share. The Company sold 10,440 thousand shares and certain existing shareholders sold an aggregate of 1,060 thousand shares. The Company received net proceeds of \$ 173.4 million after deducting offering costs.

## **2. Significant Accounting Policies**

### ***Use of Estimates***

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Company's consolidated financial statements and accompanying notes.

The Company bases its estimates and judgments on historical experience, knowledge of current conditions and beliefs of what could occur in the future, given the available information. Estimates are used for, but not limited to, write-down for excess and obsolete inventories, the standalone selling price for each distinct performance obligation included in customer contracts with multiple performance obligations, variable consideration from revenue contracts, determination of the fair value of share-based awards and customer warrant, the realizability of tax assets and estimates of tax reserves, impairment of long-lived assets, and incremental borrowing rate used in the Company's operating lease calculations. Actual results may differ from those estimates and such differences may be material to the financial statements. As new events continue to evolve and additional information becomes available, any changes to these estimates and assumptions will be recognized in the consolidated financial statements as soon as they become known.

### ***Foreign Currency***

All of the Company's subsidiaries use U.S. dollars as their functional currency, except for its entities located in Taiwan and mainland China. The functional currencies of these entities are their respective local currency. Foreign currency assets and liabilities are remeasured into the functional currencies at the end-of-period exchange rates except for non-monetary assets and liabilities, which are remeasured at historical exchange rates. Revenue and expenses are remeasured at the exchange rates in effect during the period the transactions occurred, except for those expenses related to balance sheet amounts, which are remeasured at historical exchange rates. Gains or losses from foreign currency transactions are included in the consolidated statements of operations as part of 'other income (expense), net'. Translation gains and losses are recorded in accumulated other comprehensive income as a component of shareholders' equity (deficit).

### ***Cash, Cash Equivalents and Short-term Investments***

Cash and cash equivalents are highly liquid investments with insignificant interest rate risk and maturities of three months or less at the time of acquisition. Cash and cash equivalents consist primarily of cash balances in the Company's bank checking and savings accounts, and government and institutional money market funds.

Investments not considered cash equivalents and with maturities of one year or less from the consolidated balance sheet date are classified as short-term investments. Short-term investments consist of certificates of deposit with original maturity dates between three and twelve months.

The classification of our short-term investments is determined at the time of purchase, and such determination is reevaluated at each balance sheet date. Our short-term investments include certificates of deposit, which are classified as held-to-maturity. These investments are recorded at amortized cost basis. If the cost of an individual investment exceeds its fair value, we evaluate, among other factors,

**Credo Technology Group Holding Ltd**  
**Notes to Consolidated Financial Statements**

general market conditions, the duration and extent to which the fair value is less than cost, and our intent and ability to hold the investment. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established.

**Accounts Receivable**

Accounts receivable are recorded at the invoiced amount, net of allowance for credit losses. The Company performs periodic credit evaluations of its customers' financial condition and does not require collateral from them. The Company assesses the collectability by reviewing accounts receivable on a customer-by-customer basis. To manage credit risk, management performs ongoing credit evaluations of the customers' financial condition, monitors payment performance, and assesses current economic conditions, as well as reasonable and supportable forecasts of future economic conditions, that may affect collectability of the outstanding receivables. Management does not believe that an allowance for credit losses is needed as of April 27, 2024 or April 29, 2023 based on review of credit worthiness of the customers and their payment histories.

**Inventory**

The Company values its inventory, which includes raw materials, assembly and test, and other manufacturing costs, at the lower of cost and net realizable value. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. Net realizable value is the estimated selling price of the Company's products in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The Company regularly reviews inventory quantities on hand and records write-downs for excess and obsolete inventory based primarily on the shipment history and its estimated forecast of product demand. These factors are impacted by market and economic conditions, technology changes, new product introductions and changes in strategic direction. If the future demand for the Company's services and products is less favorable than the Company's forecasts, the value of the inventories may be required to be reduced, which could result in additional expense to the Company and affect its results of operations. Once inventory is written down, its new value is maintained until it is sold, scrapped, or written down for further valuation losses.

**Property and Equipment, Net**

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Additions, improvements and major renewals are capitalized, and maintenance, repairs and minor renewals are expensed as incurred. Assets are held in construction in progress until placed in service, upon which date, the Company begins to depreciate these assets. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statements of income in the period realized. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the assets. Useful lives by asset category are as follows:

Asset Category	Useful Life (in years)
Computer equipment and software	3
Furniture and fixtures	3
Laboratory equipment	5
Production equipment	5

**Leases**

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use (ROU) assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. Operating lease ROU assets also include any initial direct

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costs and prepayments less lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. As the Company's leases do not provide an implicit rate, the Company uses its collateralized incremental borrowing rate based on the information available at the lease commencement date, including lease term, in determining the present value of lease payments. Lease expense for these leases is recognized on a straight line basis over the lease term.

***Impairment of Long-lived Assets***

The Company assesses the impairment of long-lived assets, which consist primarily of property and equipment, whenever events or changes in circumstances indicate that such assets might be impaired and the carrying value may not be recoverable. 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.

If events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and the expected undiscounted future cash flows attributable to the asset are less than the carrying amount of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based on the present value of estimated expected future cash flows using a discount rate commensurate with the risk involved, quoted market prices or appraised values, depending on the nature of the asset.

***Revenue Recognition***

The Company's revenues consist of sale of its products, licensing of its IP and providing product and IP license engineering services. Product sales consists of shipment of its ICs and AEC products. IP license revenue includes fees from licensing of the Company's SerDes IP and related support and royalties. Product and IP license engineering services revenue consists of engineering fees associated with integration of the Company's technology solutions into its customers' products and IP, respectively. The Company's customers are primarily original equipment manufacturers who design and manufacture end market devices for the communications and enterprise networks markets. The Company's revenue is driven by various trends in these markets. The Company's revenue is also impacted by changes in the number and average selling prices of its IC products.

The Company recognizes revenue upon transfer of control of promised goods and services in an amount that reflects the consideration it expects to receive in exchange for those goods and services. Where an arrangement includes multiple performance obligations, the transaction price is allocated to these on a relative standalone selling price (SSP) basis. The Company determines the SSP based on an observable standalone selling price when it is available, as well as other factors, including the price charged to customers and the Company's overall pricing objectives, while maximizing observable inputs. When SSPs are not directly observable, the Company uses the adjusted market assessment approach or residual approach, if applicable. The determination of the SSP for certain of the Company's IP requires an estimate of the fair value under the income approach, involving the estimation of future cash flow expected to be generated from the IP. The Company also considers the constraint on estimates of variable consideration when estimating the total transaction price. The Company's policy is to record revenue net of any applicable sales, use or excise taxes. Changes in the Company's contract assets and contract liabilities primarily result from the timing difference between the Company's performance and the customer's payment. The Company fulfills its obligations under a contract with a customer by transferring products or services in exchange for consideration from the customer. The Company recognizes a contract asset when it transfers products or services to a customer and the right to consideration is conditional on something other than the passage of time. Accounts receivable are recorded when the customer has been billed or the right to consideration is unconditional. The Company recognizes deferred

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revenue when it has received consideration or an amount of consideration is due from the customer and it has a future obligation to transfer products or services.

**Product Sales** - The Company transacts with customers primarily pursuant to standard purchase orders for delivery of products and generally allows customers to cancel or change purchase orders within limited notice periods prior to the scheduled shipment date. The Company offers standard performance warranties of twelve months after product delivery and offers limited product return rights to certain distributors. The Company recognizes product sales when it transfers control of promised goods in an amount that reflects the consideration to which it expects to be entitled to in exchange for those goods, net of accruals for estimated sales returns and rebates. As of April 27, 2024 and April 29, 2023, the sales returns and rebate reserves were not material.

**Product Engineering Services Revenue** - Some product revenue contracts include non-recurring engineering services deliverables. The Company recognizes revenue from these agreements over time as services are provided or at point in time upon completion and acceptance by the customer of contract deliverables, depending on the terms of the arrangement. Revenue is deferred for any amounts billed or received prior to delivery of services. The Company believes the input method, based on time spent by its engineers, best depicts the efforts expended to transfer services to the customers.

**IP License Revenue** - The Company's IP license revenue consists of perpetual licenses, support and maintenance, engineering services and royalties. The Company enters into perpetual semiconductor IP license agreements, that have a fixed fee, whereby licensees pay a fixed fee for the right to incorporate the Company's IP technologies into the licensee's products. The IP license agreements do not typically grant the customer the right to terminate for convenience. Where such rights exist, termination is prospective, with no refund of fees already paid by the customer.

IP revenue recognition is dependent on the nature and terms of each agreement. The Company recognizes license revenue at the point of time of the delivery of the IP. In connection with the license arrangements, the Company offers support to assist customers in qualifying their final product. Revenue from customer support is deferred and recognized ratably over the support period, which is typically one year. Some IP license revenue contracts also include non-recurring engineering services deliverables, which were not material for any of the periods presented. The Company recognizes revenue from these agreements similar to the method described under the caption "Product Engineering Services Revenue" above.

In certain cases, the Company also charges licensees royalties related to the distribution or sale of products that use its technologies. Such royalties are reported to us on a quarterly basis. The Company estimates the sales-based royalties earned each quarter primarily based on its customers' reporting of sales activity incurred in that quarter. The Company recognizes the estimated royalty revenue when it is probable that reversal of such amounts will not occur. Any differences between actual royalties owed by a customer and the quarterly estimates are recognized when updated information becomes available.

***Customer Warrant***

The Company accounts for the warrant issued to Amazon.com NV Investment Holdings LLC as an equity instrument, based on the specific terms of the warrant agreement. When management determines that it is probable that a tranche of the warrant will vest and we recognize the related revenue, the grant date fair value of the associated tranche will be recognized in shareholders' equity (deficit) and the underlying expense will be amortized as a reduction of revenue in proportion to the amount of related revenue recognized.

***Cost of Revenue***

Cost of revenue includes cost of materials, including wafers processed by third-party foundries, cost associated with packaging and assembly, testing and shipping, cost of personnel, including share-based compensation, depreciation of equipment associated with manufacturing support, logistics and quality

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assurance, warranty cost, amortization of intellectual property purchased from third-parties, write-down of inventories, and amortization and impairment of production equipment no longer in use. Cost of revenue includes cost of product sales revenue, cost of product engineering services revenue and cost of IP license revenue.

***Shipping and Handling Costs***

Shipping and handling costs incurred for delivery to customers are expensed as incurred and are included in selling, general and administrative expenses in the Company's Consolidated Statements of Operations.

***Research and Development***

Research and development expenses consist of costs incurred in performing research and development activities and includes salaries, share-based compensation, employee benefits, occupancy costs, pre-production engineering mask costs, overhead costs and prototype wafer, packaging and test costs. Research and development costs are expensed as incurred.

***Convertible Preferred Shares***

The Company recorded all shares of convertible preferred shares at their respective fair values less issuance costs on the dates of issuance.

***Share-Based Compensation***

The Company records compensation expense in connection with share-based awards granted to employees and non-employees in accordance with guidance related to share-based payments. This guidance requires that all share-based compensation be recognized as an expense in the consolidated financial statements and that such cost be measured at the fair value of the award. The Company amortizes share-based compensation expense under the straight-line attribution method over the vesting period of the share-based award. The Company has elected to use the Black-Scholes option pricing model to determine the fair value of ordinary share options on the dates of grant. Calculating the fair value of share options using the Black-Scholes model requires inputs and assumptions, including the fair value of the Company's ordinary shares, the expected term of share options and share price volatility. The Company estimates the expected life of options granted based on the simplified method. The Company estimates the volatility of its ordinary shares on the date of grant based on the Company's historical stock price volatility. The Company has not paid and has no current plans to pay dividends. The Company accounts for forfeitures as they occur.

The fair value of each restricted share unit is estimated based on the market price of the Company's ordinary share on the date of grant. The fair value of each share issued under the Company's employee share purchase plan is estimated based on the Black-Scholes option pricing model.

Prior to the IPO, the absence of an active market for the Company's ordinary shares required its board of directors, the members of which the Company believed had extensive business, finance and venture capital experience, to determine the fair value of its ordinary shares for purposes of granting options and for calculating share-based compensation expense for the periods presented. The Company obtained contemporaneous third-party valuations to assist the board of directors in determining fair value. These contemporaneous third-party valuations used the methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants Practice Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. All options granted were intended to be exercisable at a price per share not less than the fair value of the shares underlying those options on their respective dates of grant.

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**Notes to Consolidated Financial Statements**

**Income Taxes**

The Company is subject to income taxes in the United States and certain foreign jurisdictions. Significant judgment is required in determining the Company's provision for income taxes and income tax assets and liabilities, including evaluating uncertainties in the application of accounting principles and complex tax laws.

The Company uses the asset and liability method to account for income taxes. Current income tax expense or benefit represents the amount of income taxes expected to be payable or refundable for the current year. Under this method, deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax bases of assets and liabilities and net operating loss and credit carryforward. Deferred tax assets and liabilities are measured using enacted tax rates applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Company recognizes the tax effects of an uncertain tax position only if such position is more likely than not to be sustained based solely on its technical merits as of the reporting date and only in an amount more likely than not to be sustained upon review by the tax authorities. Interest and penalties related to uncertain tax positions are classified in the consolidated financial statements as income tax expense.

**Net Loss Per Share**

Basic net loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed using the weighted average number of ordinary and potentially dilutive shares outstanding during the period using the treasury stock method. Under the treasury stock method, the effect of equity awards outstanding is not included in the computation of diluted net loss per share for periods when their effect is anti-dilutive.

**Segment Information**

Operating segments are identified as components of an enterprise about which discrete financial information is available for evaluation by the chief operating decision-maker (CODM) in deciding resource allocation and assessing performance. The Company's Chief Executive Officer is its CODM. The Company's CODM reviews financial information presented on a consolidated basis for the purposes of making operating decisions, allocating resources and evaluating financial performance. Consequently, the Company has determined it operates and manages its business in one operating and one reportable segment. See "Note 14 — Segment and Geographic Information" for the Company's revenue by country and location of long-lived assets.

**Recent Accounting Pronouncements Not Yet Adopted**

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures*, which requires disclosure of incremental segment information on an annual and interim basis. This standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. The Company is evaluating the impact that this new standard will have on its consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) Improvements to Income Tax Disclosures*, which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. This standard is effective for fiscal years beginning after May 4, 2025, and may be

**Credo Technology Group Holding Ltd**  
**Notes to Consolidated Financial Statements**

applied on a retrospective or prospective basis. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements and disclosures.

### **3. Concentrations**

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments, and accounts receivable. Cash is placed in major financial institutions around the world. The Company's cash deposits exceed insured limits. Short-term investments are subject to counterparty risk up to the amount presented on the balance sheet.

Historically, a relatively small number of customers have accounted for a significant portion of the Company's revenue. The particular customers which account for revenue concentration have varied from period to period as a result of the addition of new contracts, completion of existing contracts, and the volumes and prices at which the customers have recently bought the Company's products. These variations are expected to continue in the foreseeable future.

The following table summarizes the significant customers' accounts receivable and revenue as a percentage of total accounts receivable and total revenue, respectively:

Accounts Receivable	April 27, 2024	April 29, 2023
Customer A	53 %	54 %
Customer B	23 %	*
Customer C	*	22 %

Revenue	Year Ended		
	April 27, 2024	April 29, 2023	April 30, 2022
Customer A	39 %	46 %	*
Customer B	15 %	*	*
Customer C	*	12 %	11 %
Customer D	*	*	30 %
Customer E	*	13 %	18 %
Customer F	*	*	10 %

\* Less than 10% of total accounts receivable or total revenue.

The Company believes that the concentration of credit risk in its trade receivables is substantially mitigated by the high level of credit worthiness of its customers and the relatively short collection terms. The Company performs ongoing credit evaluations of its customers' financial conditions and limits the amount of credit extended when deemed necessary based upon payment history and the customer's current credit worthiness, but generally require no collateral.

The Company currently outsources all of its integrated circuit manufacturing to Taiwan Semiconductor Manufacturing Company Limited with the remaining assembly and testing processes outsourced to other subcontractors primarily in Asia. Any disruption of or interference with the Company's access to the goods or services from these subcontractors would impact the Company's operations.

### **4. Revenue Recognition**

#### ***Contract Balances***

The contract assets are primarily related to the Company's fixed-fee IP licensing arrangements and rights to consideration for performance obligations delivered but not billed as of April 27, 2024 and April 29, 2023.

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During the year ended April 27, 2024, the Company recognized \$ 4.1 million of revenue that was included in the deferred revenue balance as of April 29, 2023. During the year ended April 29, 2023, the Company recognized \$ 1.2 million of revenue that was included in the deferred revenue balance as of April 30, 2022. During the year ended April 30, 2022, the Company recognized \$ 4.0 million of revenue that was included in the deferred revenue balance as of April 30, 2021.

During the year ended April 27, 2024, the increase in contract assets of \$ 12.9 million was primarily driven by IP licensing and engineering services arrangements where certain billing milestones were reached during fiscal 2024 while the criteria for recognition of revenue had previously been met.

During the year ended April 27, 2024, the decrease in deferred revenue of \$ 0.4 million was primarily due to revenue recognized from a customer advance.

***Remaining Performance Obligations***

Revenue allocated to remaining performance obligations represents the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. The contracted but unsatisfied performance obligation was approximately \$ 11.6 million and the satisfied but unrecognized performance obligations was approximately \$ 1.5 million as of April 27, 2024, which the Company expects to recognize over the next fiscal year. The Company applied a performance constraint on the satisfied but unrecognized performance obligation due to uncertainty around the collectability of milestone payments.

The Company had previously applied performance constraints on certain milestones relating to an IP licensing and development contract for a total cash consideration of \$ 43.5 million, executed in fiscal 2022. As of April 27, 2024, the Company released the constraint on the last milestone, resulting in recognition of \$ 10.0 million of revenue in the year ended April 27, 2024.

***Customer Warrant***

During fiscal year 2022, the Company issued a warrant to Amazon.com NV Investment Holdings LLC (Holder) to purchase an aggregate of up to 4,080 thousand of our ordinary shares at an exercise price of \$ 10.74 per share (the "Customer Warrant"). The exercise period of the Warrant is through the seventh anniversary of the issue date. Upon issuance of the Warrant, 40 thousand of the shares issuable upon exercise of the Warrant vested immediately and the remainder of the shares issuable will vest in tranches over the contract term based on the amount of global payments by Holder and its affiliates to us, up to \$ 201.0 million in aggregate payments. A total of 1,080 thousand and 80 thousand Warrant shares were vested as of April 27, 2024 and April 29, 2023, respectively.

The grant date fair value of the Warrant share was determined at \$ 4.65 per share using the Black-Scholes option pricing model. The grant date fair value of the Warrant share was estimated using the following assumptions:

	At Grant Date
Expected volatility	40.00 %
Weighted-average expected term (in years)	7
Risk-free interest rate	1.41 %
Dividend yield	— %
Fair value per ordinary share	\$ 10.74

During the fiscal years ended April 27, 2024, April 29, 2023 and April 30, 2022, the Company recognized \$ 3.9 million, \$ 1.2 million and \$ 0.6 million, respectively, as contra revenue within the product sales revenue on the consolidated statements of operations.

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**5. Fair Value Measurements**

Fair value is an exit price representing the amount that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets.

Level 2 - Other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs that are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company measures the fair value of money market funds using Level 1 inputs. The Company's certificates of deposit are classified as held to maturity securities as the Company intends to hold until their maturity dates. The certificates of deposit are valued using Level 2 inputs. Pricing sources may include industry standard data providers, security master files from large financial institutions, and other third-party sources used to determine a daily market value.

The following tables present the fair value of the financial instruments measured on a recurring basis as of April 27, 2024 and April 29, 2023 (in thousands).

	April 27, 2024			
	Level 1	Level 2	Level 3	Total
<b>Cash equivalents:</b>				
Money market funds	\$ 57,175	\$ —	\$ —	\$ 57,175
<b>Short-term investments:</b>				
Certificates of deposit	—	343,061	—	343,061
<b>Total cash equivalents and short-term investments</b>	<b>\$ 57,175</b>	<b>\$ 343,061</b>	<b>\$ —</b>	<b>\$ 400,236</b>
April 29, 2023				
	Level 1	Level 2	Level 3	Total
<b>Cash equivalents:</b>				
Money market funds	\$ 99,119	\$ —	\$ —	\$ 99,119
<b>Short-term investments:</b>				
Certificates of deposit	—	109,228	—	109,228
<b>Total cash equivalents and short-term investments</b>	<b>\$ 99,119</b>	<b>\$ 109,228</b>	<b>\$ —</b>	<b>\$ 208,347</b>

The carrying amount of the Company's financial instruments, including cash equivalents, short-term investments, accounts receivable and accounts payable, approximate their respective fair values because of their short maturities. As of April 27, 2024 and April 29, 2023, there were no unrealized loss or gains associated with the Company's financial instruments. The interest income recognized during the years ended April 27, 2024 and April 29, 2023 was \$ 15.3 million and \$ 4.7 million, respectively.

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**6. Supplemental Financial Information**

***Inventories***

Inventories consisted of the following (in thousands):

	April 27, 2024	April 29, 2023
Raw materials	\$ 9,415	\$ 17,456
Work in process	7,470	7,200
Finished goods	9,022	21,367
	<b>\$ 25,907</b>	<b>\$ 46,023</b>

***Property and Equipment, Net***

Property and equipment consisted of the following (in thousands):

	April 27, 2024	April 29, 2023
Computer equipment and software	\$ 18,271	\$ 13,942
Laboratory equipment	19,840	15,577
Production equipment	27,608	19,783
Leasehold improvements	2,525	2,005
Others	534	632
Construction in progress	3,616	6,300
	72,394	58,238
Less: accumulated depreciation and amortization	( 28,729 )	( 18,017 )
	<b>\$ 43,665</b>	<b>\$ 40,222</b>

Depreciation and amortization expense, excluding the assets impairment charges, for the years ended April 27, 2024, April 29, 2023 and April 30, 2022, was \$ 13.8 million, \$ 9.5 million, and \$ 4.8 million, respectively. Construction in progress and production equipment primarily includes mask set costs capitalized relating to the Company's products.

During the years ended April 27, 2024, April 29, 2023 and April 30, 2022, the Company recorded impairment charges of \$ 0.8 million, \$ 2.4 million and \$ 4.9 million, respectively. Generally, the impairment charges were related to impairment of property and equipment or third-party IP licenses for future products that did not reach production qualification.

***Accrued Expenses and Other Current Liabilities***

Accrued expenses and other current liabilities consisted of the following (in thousands):

	April 27, 2024	April 29, 2023
Accrued expenses	\$ 9,610	\$ 7,555
Current payables relating to purchases of property and equipment	5,950	4,269
Current portion of operating lease liabilities	2,741	2,630
	<b>\$ 18,301</b>	<b>\$ 14,454</b>

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**Other Non-current Liabilities**

Other non-current liabilities consisted of the following (in thousands):

	April 27, 2024	April 29, 2023
Non-current payables relating to purchases of property and equipment	\$ 4,950	\$ 5,049
Non-current deferred revenue	128	380
Other non-current liabilities	903	324
	<b>\$ 5,981</b>	<b>\$ 5,753</b>

**7. Commitments and Contingencies**

**Non-Cancelable Purchase Obligations**

Total future non-cancelable purchase obligations as of April 27, 2024 were as follows (in thousands):

Fiscal Year	Purchase Commitments to Manufacturing Vendors	Technology License Fees	Total
2025	\$ 42,588	\$ 7,888	\$ 50,476
2026	7,306	5,342	12,648
2027	9,598	3,805	13,403
2028	12,417	350	12,767
2029	2,153	350	2,503
Thereafter	—	—	—
Total unconditional purchase commitments	<b>\$ 74,062</b>	<b>\$ 17,735</b>	<b>\$ 91,797</b>

Technology license fees include the liabilities under agreements for technology licenses between the Company and various vendors.

Under the Company's manufacturing relationships with its foundry partners, cancellation of outstanding purchase orders is allowed but requires payment of all costs and expenses incurred through the date of cancellation.

As of April 27, 2024, the total value of non-cancelable inventory purchase orders payable within the next one year that were committed with the Company's third-party subcontractors was approximately \$ 39.6 million. Such purchase commitments are included in the preceding table. Additionally, the Company has committed purchases of production mask sets amounting to \$ 27.0 million, relating to future products yet to be released, which will be capitalized into product equipment when they are received.

The Company has a manufacturing supply capacity reservation agreement with an assembly subcontractor as of April 27, 2024. Under this arrangement, the Company has paid refundable deposits to the supplier in exchange for reserved manufacturing production capacity over the remaining term of the agreement, which approximates five years. In addition, the Company committed to certain purchase levels that were in line with the capacity reserved. If the Company does not meet the purchase level commitment, the agreement requires the Company to pay a fee equal to the difference between the actual purchase and the purchase commitment, up to the value of refundable deposits made. The Company currently estimates that it has made purchase level commitments of at least \$ 34.5 million for the fiscal year 2025 through fiscal year 2029 under the capacity reservation agreement. Such purchase commitments are included in the preceding table. In addition, the Company had refundable deposits of \$ 8.6 million as of April 27, 2024, of which \$ 0.4 million was recorded in prepaid expenses and other

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current assets and \$ 8.2 million was recorded in other non-current assets on the consolidated balance sheets.

***Warranty Obligations***

The Company has contractual commitments to various customers, which could require the Company to incur costs to repair an epidemic defect with respect to its products outside of the normal warranty period if such defect were to occur. The Company's products carry a standard one-year warranty. The Company's warranty expense has not been material in the periods presented.

***Indemnifications***

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, investors, directors, officers, employees and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company or from intellectual property infringement claims made by third parties. These indemnifications may survive termination of the underlying agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The Company has not incurred material costs to defend lawsuits or settle claims related to these indemnifications. Accordingly, the Company has no liabilities recorded for these agreements as of April 27, 2024 and April 29, 2023.

***Legal Proceedings***

From time to time, the Company may be a party to various litigation claims in the normal course of business. Legal fees and other costs associated with such actions are expensed as incurred. The Company assesses, in conjunction with legal counsel, the need to record a liability for litigation and contingencies. Accrual estimates are recorded when and if it is determined that such a liability for litigation and contingencies are both probable and reasonably estimable. As of the date of issuance of the consolidated financial statements, the Company was not subject to any litigation. No accruals for loss contingencies or recognition of actual losses have been recorded in any of the periods presented.

**8. Convertible Preferred Shares**

The Company had previously issued Series A convertible preferred shares, Series B convertible preferred shares, Series C convertible preferred shares, Series D convertible preferred shares and Series D+ convertible preferred shares (collectively, the "Preferred Shares").

Immediately prior to the completion of the IPO, all of the then outstanding 52,060 thousand shares of the Company's convertible Preferred Shares were automatically converted into an aggregate 52,060 thousand shares of ordinary share on a one -for-one basis, and such Preferred Shares were cancelled, retired and eliminated from the shares that the Company is authorized to issue and shall not be reissued by the Company.

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A summary of the preferred shares prior to the conversion into ordinary shares consisted of the following:

Series	Shares Authorized (in thousands)	Shares Issued and Outstanding (in thousands)	Per Share Liquidation Preference		Aggregate Liquidation Preference (in thousands)
			\$ 1.00	\$ 2.10	\$ 4.29
Series A	8,313	8,313			\$ 8,313
Series B	8,593	8,593			18,000
Series C	5,245	5,245			22,500
Series D	20,028	20,028			100,000
Series D+	9,881	9,881			57,361
	<b>52,060</b>	<b>52,060</b>			<b>\$ 206,174</b>

The rights, privileges, and preferences of the Series A, Series B, Series C, Series D, and Series D+ convertible preferred shares were as follows:

**Conversion Rights** - Each preferred share was convertible, at the option of the holder, at any time, and without the payment of any additional consideration, into such number of fully paid ordinary share as was determined by dividing the applicable original issue price for each such series of preferred shares by the applicable conversion price in effect at the time of the conversion. The conversion price per share for each series of preferred share shall initially be equal to the original issue price of such series, which means \$ 1.00 per share for Series A, \$ 2.10 per share for Series B, \$ 4.29 per share for Series C, \$ 4.99 per share for Series D and \$ 5.81 per share for Series D+. The conversion price shall be subject to adjustment in order to adjust the number of ordinary shares into which the preferred shares are convertible.

Each share of Series A, B, C, D and D+ convertible preferred share automatically converted into the number of ordinary shares at the conversion rate at the time in effect upon the closing of a public offering of ordinary shares which results in at least \$ 25.0 million of proceeds to the Company at a per share price not less than \$ 9.99 or with the vote or written consent of the holders of a majority of the then outstanding preferred shares, voting as a separate class, to convert their preferred shares at the then-effective Conversion Price.

**Dividends** - The holders of preferred shares were entitled to receive noncumulative dividends when and if declared by the Company's board of directors. The holders of preferred shares were entitled to receive dividends prior and in preference to any payment of any dividend on ordinary shares in an amount equal to 8 % of the original issue price per share of such preferred share. After payment of such dividends, any additional dividends shall be distributed among all holders of ordinary shares and preferred shares in proportion to the number of ordinary shares that would be held by each such holder if all preferred shares were converted to ordinary shares at the then effective conversion rate. no dividends had been declared by the board of directors from inception through the date of conversion into ordinary shares.

**Liquidation Rights** - In the event of any sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company or the exclusive license of all or substantially all of the Company's intellectual property used in generating all or substantially all of the Company's revenues, reorganization, consolidation, acquisition, merger, liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the holders of preferred shares shall be entitled to receive in preference to the holders of ordinary shares, an amount per share equal to the liquidation preference, plus any declared but unpaid dividends. After payment of the liquidation preference to holders of preferred shares, the remaining assets of the Company were available for distribution on a pro rata basis to the holders of ordinary shares.

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**Voting Rights** - The holders of the convertible preferred shares were entitled to the number of votes equal to the number of ordinary shares into which such convertible preferred shares could be converted on the record date.

#### **9. Ordinary Shares**

In connection with the consummation of the IPO, the Company filed the Amended and Restated Memorandum of Association with Cayman Islands, which authorized 1,000,000 thousand ordinary shares, par value \$ 0.00005 per share and 50,000 thousand convertible preferred shares.

Each ordinary share is entitled to one vote per share. The holders of ordinary shares are also entitled to receive dividends whenever funds are legally available and when declared by the Company's board of directors, subject to the prior rights of holders of all other classes of shares outstanding.

#### ***Share Issuances Subject to Repurchase***

The Company has issued ordinary shares to certain employees that are subject to vesting periods pursuant to the respective share purchase agreements (Restricted Share Award or RSA). In addition, the Company allows early exercise for unvested ordinary share options under its 2015 Stock Plan (as defined in Note 10 to the consolidated financial statements). In regard to the ordinary shares purchased, but not vested, the Company has the right to repurchase shares at the original issue price in the event of termination of services. As of April 27, 2024, 17 thousand shares from share option early exercises remained subject to the Company's repurchase rights. As of April 29, 2023, 99 thousand shares from share option early exercises remained subject to the Company's repurchase rights. These shares are excluded from ordinary shares outstanding.

#### **10. Share Incentive Plan**

##### ***2015 Stock Plan***

The Company adopted the 2015 Stock Plan (the "2015 Plan") in February 2015. The 2015 Plan was an equity incentive program under which employees of the Company or its subsidiary corporations (including officers), non-employee members of the Company's board of directors, and consultants to the Company or its subsidiary corporations were offered an opportunity to acquire the Company's ordinary shares. The 2015 Plan provided both for the direct award or sale of ordinary shares (RSAs) and for the grant of options to purchase ordinary shares. Options granted under the 2015 Plan were Incentive Stock Options (ISOs) intended to qualify under Title 26 U.S. Code Section 422 or Non-qualified Stock Options (NSOs) which were not intended to so qualify. Only employees, outside directors and consultants of either the Company or a subsidiary of the Company, were eligible for the grant of NSO or the direct award or sale of ordinary shares. Only employees of either the Company or of a subsidiary of the Company, were eligible for the grant of ISOs.

As of January 27, 2022, the 2015 Plan has ceased to be available for grants of new awards. Prior to the aforementioned cessation of the 2015 Plan for new grants and as of April 30, 2022, 26,000 thousand ordinary shares were authorized for issuance under the 2015 Plan. Options under the 2015 Plan may be granted for periods of up to ten years and at prices no less than 100% of the estimated fair value of the shares on the date of grant as determined by the Company's Board of Directors. Both RSAs and options granted generally vest over four years and vest at a rate of 25 % upon the first anniversary of the issuance date and 1/48th per month thereafter.

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A summary of information related to share option activity, excluding options early exercised, is as follows:

	Outstanding Share Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
<b>Balances as of April 30, 2021</b>	<b>14,120</b>	<b>\$ 1.57</b>	<b>7.87</b>	<b>\$ 62.6</b>
Options granted	702			
Options exercised and vested	( 2,924 )			
Options canceled/ forfeited	( 537 )			
<b>Balances as of April 30, 2022</b>	<b>11,361</b>	<b>\$ 1.94</b>	<b>7.12</b>	<b>\$ 103.4</b>
Options exercised and vested	( 2,246 )	\$ 1.48		
Options canceled/ forfeited	( 245 )	\$ 3.34		
<b>Balances as of April 29, 2023</b>	<b>8,870</b>	<b>\$ 2.02</b>	<b>6.22</b>	<b>\$ 0.1</b>
Options exercised and vested	( 2,291 )	\$ 1.98		
Options canceled/ forfeited	( 158 )	\$ 4.64		
<b>Balances as of April 27, 2024</b>	<b>6,421</b>	<b>\$ 1.97</b>	<b>5.30</b>	<b>\$ 106.5</b>
<b>Vested or expected to vest as of April 27, 2024</b>	<b>6,421</b>	<b>\$ 1.97</b>	<b>5.30</b>	<b>\$ 106.5</b>
<b>Exercisable as of April 27, 2024</b>	<b>6,404</b>	<b>\$ 1.97</b>	<b>5.30</b>	<b>\$ 106.2</b>

During the years ended April 27, 2024, April 29, 2023 and April 30, 2022, the total intrinsic value of options exercised, including options early exercised, was \$ 36.2 million, \$ 22.2 million and \$ 28.4 million, respectively. The weighted-average grant date fair value of options vested was \$ 1.52, \$ 1.41 and \$ 1.36 per share for the years ended April 27, 2024, April 29, 2023 and April 30, 2022, respectively.

The total grant date fair value of share options that vested was \$ 13.3 million, \$ 15.6 million and \$ 4.5 million as of April 27, 2024, April 29, 2023 and April 30, 2022, respectively. As of April 27, 2024, the total unrecognized compensation cost was \$ 2.0 million related to share options, which are expected to be recognized over a weighted-average period of 0.72 years.

The Company estimated the fair value of share options using the Black-Scholes option-pricing model. The fair value of employee share options is amortized on a straight-line basis over the requisite service period of the awards. The fair values of the employee share options granted in the years presented were estimated using the following weighted-average assumptions:

	<b>Year Ended</b>
	<b>April 30, 2022</b>
Expected volatility	41.29 % - 42.31 %
Weighted-average expected term (in years)	5.96
Risk-free interest rate	0.69 % - 1.23 %
Dividend yield	— %
Weighted-average grant date fair value per share	\$ 6.26

**2021 Long-Term Incentive Plan**

In December 2021, the Company adopted the 2021 long-term incentive plan (the "2021 Plan"). Upon the adoption, the 2021 Plan had 19,907 thousand ordinary shares reserved for issuance. Awards granted under the 2021 Plan may include, but are not limited to, options and restricted share units (RSU). Options granted under the 2021 Plan generally have a term of 10 years and generally must be issued at prices equal to the fair market value of the share on the date of grant. RSU awards are denominated in ordinary

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shares, but may be settled in cash or shares upon vesting, as determined by the Company at the time of grant. None of the awards granted under the 2021 Plan as of April 27, 2024 allowed cash settlement. Awards under the 2021 Plan generally vest over 4 years.

A summary of RSU activity is as follows:

	Number of shares (in thousands)	Weighted-Average Date Fair Value	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
<b>Balances as of 4/30/2022</b>	4,134	\$ 10.26	1.65	\$ 45.6
Granted	5,474	\$ 12.34		
Vested	( 1,396 )	\$ 10.17		
Canceled/ forfeited	( 414 )	\$ 10.80		
<b>Balances as of 4/29/2023</b>	7,798	\$ 11.66	1.65	\$ 63.2
Granted	5,393	\$ 20.08		
Vested	( 2,642 )	\$ 11.98		
Canceled/ forfeited	( 411 )	\$ 11.49		
<b>Balances as of 4/27/2024</b>	<u>10,139</u>	<u>\$ 16.11</u>	<u>1.52</u>	<u>\$ 188.2</u>
Expected to vest as of April 27, 2024	10,139	\$ 16.11	1.52	\$ 188.2

As of April 27, 2024, 22,309 thousand shares remained available for future issuance under the 2021 Plan.

As of April 27, 2024, unamortized compensation expense related to RSUs was \$ 151.9 million. The unamortized compensation expense for RSUs will be amortized on a straight-line basis and is expected to be recognized over a weighted-average period of 2.93 years.

**Employee Stock Purchase Plan**

In January 2022, the Company adopted the Employee Stock Purchase Plan (ESPP). Under the ESPP, a total of 3,801 thousand shares have been authorized for the grant of shares and participants can purchase the Company's ordinary shares using payroll deductions, which may not exceed 15 % of their total cash compensation. Pursuant to the terms of the ESPP, the "look-back" period for the share purchase price is 24 months. Offering and purchase periods begin on January 1 and July 1 of each year. Participants will be granted the right to purchase ordinary shares at a price per share that is 85 % of the lesser of the fair market value of the shares at (i) the participant's entry date into the two-year offering period or (ii) the end of each six-month purchase period within the offering period.

During the years ended April 27, 2024 and April 29, 2023, 281 thousand and 247 thousand shares were issued under the ESPP, respectively. No shares were issued during the year ended April 30, 2022. As of April 27, 2024, 6,207 thousand shares remained available for future issuance under the ESPP.

The following weighted-average assumptions to calculate the fair value of ordinary shares to be issued under the ESPP on the date of grant using the Black-Scholes option pricing model in the periods presented:

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	Year Ended		
	April 27, 2024	April 29, 2023	April 30, 2022
Estimated fair value	6.04	4.27	4.56
Expected volatility	56.13 %	34.00 %	33.00 %
Expected term (in years)	1.33	0.93	1.17
Risk-free interest rate	3.40 %	1.54 %	1.41 %
Expected dividend yield	— %	— %	— %

***Summary of Share-based Compensation Expense***

The following table summarizes share-based compensation cost included in the consolidated statements of operations (in thousands).

	Year Ended		
	April 27, 2024	April 29, 2023	April 30, 2022
Cost of revenue	\$ 1,131	\$ 634	\$ 220
Research and development	21,359	13,326	5,021
Selling, general and administrative	16,532	9,556	3,947
	<b>\$ 39,022</b>	<b>\$ 23,516</b>	<b>\$ 9,188</b>

**11. Leases**

The Company's leases include office space located in the United States and other international locations, which are all classified as operating leases. The Company's leases have remaining lease terms generally between one year and eight years. Operating leases are included in right of use assets, accrued expenses and other current liabilities, and non-current operating lease liabilities on the Company's consolidated balance sheets. The Company does not have any finance leases.

Lease expense and supplemental cash flow information are as follows (in thousands):

	Year Ended	
	April 27, 2024	April 29, 2023
Operating lease expenses	\$ 3,855	\$ 3,640
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 3,495	\$ 3,172
Right-of-use assets obtained in exchange for lease obligation	\$ 978	\$ 649

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The aggregate future lease payments for operating leases as of April 27, 2024 are as follows (in thousands):

Fiscal Year	Operating leases
2025	\$ 3,300
2026	2,790
2027	2,211
2028	2,194
2029	2,260
Thereafter	3,526
<b>Total lease payments</b>	<b>16,281</b>
Less: Interest	2,408
<b>Present value of lease liabilities</b>	<b>\$ 13,873</b>

As of April 27, 2024, the weighted average remaining lease term for the Company's operating leases was 5.89 years and the weighted average discount rate used to determine the present value of the Company's operating leases was approximately 5.96 %.

## 12. Income Taxes

Income (loss) before provision (benefit) for income taxes consists of the following (in thousands):

	Year Ended		
	April 27, 2024	April 29, 2023	April 30, 2022
	\$	\$	\$
United States	\$ 8,611	\$ 4,469	\$ 2,512
International	( 31,356 )	( 22,383 )	( 24,725 )
	<b>\$ ( 22,745 )</b>	<b>\$ ( 17,914 )</b>	<b>\$ ( 22,213 )</b>

The components of income tax expense (benefit) are summarized as follows (in thousands):

	Year Ended		
	April 27, 2024	April 29, 2023	April 30, 2022
	\$	\$	\$
<b>Current</b>			
Federal	\$ 2	\$ ( 24 )	\$ 224
State	3	2	( 25 )
International	1,484	762	1,292
<b>Total current tax expense</b>	<b>1,489</b>	<b>740</b>	<b>1,491</b>
<b>Deferred</b>			
Federal	3,092	( 2,005 )	( 1,163 )
State	359	( 218 )	( 142 )
International	684	116	( 223 )
<b>Total deferred tax expense (benefit)</b>	<b>4,135</b>	<b>( 2,107 )</b>	<b>( 1,528 )</b>
<b>Total tax expense (benefit)</b>	<b>\$ 5,624</b>	<b>\$ ( 1,367 )</b>	<b>\$ ( 37 )</b>

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The tax effects of significant items comprising the Company's deferred taxes are as follows (in thousands):

	April 27, 2024	April 29, 2023
<b>Deferred tax assets:</b>		
Accrued expense	\$ 1,063	\$ 941
Net operating losses	4,443	1,284
Research and development credits	15,990	9,401
Share compensation	2,310	1,907
Lease liability	3,154	3,487
Intangibles	157	—
Others	—	5
<b>Total deferred tax assets</b>	<b>27,117</b>	<b>17,025</b>
<b>Deferred tax liabilities</b>		
Property and equipment basis	( 1,774 )	( 1,132 )
Right of use assets	( 2,980 )	( 3,353 )
Others	( 8 )	—
<b>Total deferred tax liabilities</b>	<b>( 4,762 )</b>	<b>( 4,485 )</b>
<b>Valuation allowance</b>	<b>( 23,258 )</b>	<b>( 9,306 )</b>
<b>Net deferred taxes</b>	<b>\$ ( 903 )</b>	<b>\$ 3,234</b>

A valuation allowance is established when the Company believes that it is more likely than not that some portion of its deferred tax assets will not be realized. As of April 27, 2024, the Company recorded \$ 23.3 million of valuation allowance. In fiscal year 2024, the valuation allowance increased by \$ 14.0 million. The Company continues to maintain a valuation allowance on its U.S. R&D credits and recorded an increase to its valuation allowance of \$ 6.7 million. During the fourth quarter of fiscal year 2024, the Company determined that utilization of its net deferred tax assets in the U.S. was limited and accordingly recorded an increase to its valuation allowance of \$ 7.3 million. This determination was made after evaluating both the positive and negative evidence regarding the recoverability of the Company's net U.S. deferred tax assets. The Company considers all available evidence such as its earnings history including the existence of cumulative income or losses, reversals of taxable temporary differences, projected future taxable income, and tax planning strategies and determined that negative evidence overweighted positive evidence with respect to the ability to realize its net U.S. deferred tax assets. The Company will continue to assess the future realization of its deferred tax assets in each applicable jurisdiction and adjust the valuation allowance accordingly. As of April 27, 2024, the Company had U.S. federal and state net operating loss carryforwards of approximately \$ 18.7 million and \$ 7.4 million, respectively. The U.S. federal net operating loss carryforwards can be carried forward indefinitely. The state net operating loss carryforwards will begin to expire in fiscal 2043. As of April 27, 2024, the Company had U.S. federal and state research credits of \$ 12.6 million and \$ 9.6 million, respectively. The federal research credits will begin to expire in 2039. The state research credits have no expiration date. As of April 27, 2024, the Company had no foreign tax credit carryover. Internal Revenue Code Section 382 limits the use of net operating loss and tax credit carryforwards in certain situations where changes occur in the stock ownership of a company. In the event that we had a change of ownership, utilization of the net operating loss and tax credit carryforwards may be restricted.

A summary activity of the valuation allowance is as follows (in thousands):

**Credo Technology Group Holding Ltd**  
**Notes to Consolidated Financial Statements**

	April 27, 2024	April 29, 2023	April 30, 2022
<b>Beginning valuation allowance</b>	\$ 9,306	\$ 5,170	\$ 3,706
Additions	13,952	4,136	1,464
<b>Ending valuation allowance</b>	<b>\$ 23,258</b>	<b>\$ 9,306</b>	<b>\$ 5,170</b>

Foreign earnings may be subject to withholding taxes in local jurisdictions if they are distributed. The amount of cumulative undistributed earnings that are permanently reinvested that could be subject to withholding taxes were \$ 25.7 million as of April 27, 2024. The Company intends to reinvest these earnings indefinitely.

The Company consists of a Cayman Islands parent holding company with various international and U.S. subsidiaries. The applicable statutory rate in Cayman Islands is zero for the Company for the years ended April 27, 2024, April 29, 2023 and April 30, 2022. For purposes of the reconciliation between the provision for income taxes at the statutory rate and the effective tax rate, a U.S. statutory tax rate of 21% for the years ended April 27, 2024, April 29, 2023 and April 30, 2022 is applied as follows:

	Year Ended		
	April 27, 2024	April 29, 2023	April 30, 2022
Statutory federal tax expense rate	21 %	21 %	21 %
State tax, net of federal benefit	( 2 )%	1 %	1 %
Research tax credits	20 %	14 %	4 %
Share compensation	24 %	18 %	7 %
Other	( 1 )%	1 %	1 %
Foreign rate differential	( 34 )%	( 32 )%	( 26 )%
Change in valuation allowance	( 49 )%	( 15 )%	( 4 )%
Withholding taxes	( 4 )%	( 1 )%	( 4 )%
<b>Effective tax rate</b>	<b>( 25 )%</b>	<b>8 %</b>	<b>— %</b>

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows (in thousands):

	April 27, 2024	April 29, 2023
<b>Beginning gross unrecognized tax benefits</b>	<b>\$ 2,865</b>	<b>\$ 1,844</b>
Additions for tax positions taken in the current year	1,988	1,081
Subtractions for tax positions taken in the prior year	( 210 )	( 60 )
Lapses in statute of limitations	( 69 )	—
<b>Ending gross unrecognized tax benefits</b>	<b>\$ 4,574</b>	<b>\$ 2,865</b>

The Company recognizes the tax effects of an uncertain tax position only if it is more likely than not to be sustained based solely on such position's technical merits as of the reporting date and only in an amount more likely than not to be sustained upon review by the tax authorities.

Included in the balance of unrecognized tax benefits as of April 27, 2024 and April 29, 2023 were potential benefits of \$ 4.6 million and \$ 2.9 million, respectively, which if recognized, would potentially affect the effective tax rate. If the unrecognized tax benefits were recognized, it would result in additional deferred tax assets, which are expected to require a full valuation allowance based on the Company's current valuation allowance position. Unrecognized tax benefits are not expected to significantly increase or decrease within the next 12 months.

**Credo Technology Group Holding Ltd**  
**Notes to Consolidated Financial Statements**

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. For the years ended April 27, 2024, April 29, 2023 and April 30, 2022, the Company's current tax provision was not impacted by interest and penalties.

The Company files U.S. federal and state and non-U.S. income tax returns with varying statutes of limitations. The Company's tax returns continue to remain subject to examination by U.S. federal authorities for the years ended April 30, 2021 through 2023 and by state authorities for the years ended April 30, 2020 through 2023. For the Company's international subsidiaries, the tax years that remain open to examination vary based on the year that each entity began operating.

**13. Net Loss Per Share**

Net loss per share was determined as follows for the years presented (in thousands, except per share amounts):

	<b>Year Ended</b>		
	<b>April 27, 2024</b>	<b>April 29, 2023</b>	<b>April 30, 2022</b>
<b>Numerator:</b>			
Net loss	\$ ( 28,369 )	\$ ( 16,547 )	\$ ( 22,176 )
<b>Denominator:</b>			
Weighted-average shares outstanding used in basic and diluted calculation	155,091	146,556	88,398
Net loss per share attributable to ordinary shareholders			
Basic and diluted	<u>\$ ( 0.18 )</u>	<u>\$ ( 0.11 )</u>	<u>\$ ( 0.25 )</u>

Potential dilutive securities include dilutive ordinary shares from share-based awards attributable to the assumed exercise of share options, restricted share units and employee stock purchase plan shares using the treasury stock method. Under the treasury stock method, potential ordinary shares outstanding are not included in the computation of diluted net loss per share if their effect is anti-dilutive. The following potentially dilutive securities outstanding have been excluded from the computations of diluted weighted average shares outstanding for the years ended April 27, 2024, April 29, 2023 and April 30, 2022 because such securities have an anti-dilutive impact due to losses reported:

	<b>Year Ended</b>		
	<b>April 27, 2024</b>	<b>April 29, 2023</b>	<b>April 30, 2022</b>
Share-based compensation awards	16,777	15,194	11,636
Customer warrant	4,080	4,080	1,386
	<u>20,857</u>	<u>19,274</u>	<u>13,022</u>

**Credo Technology Group Holding Ltd**  
**Notes to Consolidated Financial Statements**

**14. Segment and Geographic Information**

As discussed in "Note 2 — Significant Accounting Policies," the Company operates in one reportable segment.

The following table summarizes revenue disaggregated by primary geographical market based on destination of shipment for products, and location of contracting entity for IP and engineering services, which may differ from the end customer's principal offices (in thousands):

	<b>Year Ended</b>		
	<b>April 27, 2024</b>	<b>April 29, 2023</b>	<b>April 30, 2022</b>
Hong Kong	\$ 70,162	\$ 9,646	\$ 11,696
United States	49,569	44,253	27,696
Mainland China	28,264	96,935	37,699
Taiwan	21,286	5,363	4,429
Rest of World	23,689	27,997	24,957
	<b>\$ 192,970</b>	<b>\$ 184,194</b>	<b>\$ 106,477</b>

The following table presents long-lived assets information based on the physical location of the assets by geographic region (in thousands):

	<b>April 27, 2024</b>	<b>April 29, 2023</b>
Property and equipment, net:		
Taiwan	\$ 24,874	\$ 14,625
United States	11,150	8,791
Hong Kong	5,208	14,149
Mainland China	2,433	2,657
	<b>\$ 43,665</b>	<b>\$ 40,222</b>

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures****Evaluation of Disclosure Controls and Procedures**

We maintain “disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), as appropriate, to allow for timely decisions regarding required disclosure.

Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

**Management’s Annual Report on Internal Control over Financial Reporting; Attestation Report of the Registered Public Accounting Firm.**

Our management is responsible for establishing and maintaining adequate “internal control over financial reporting,” as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of April 27, 2024 based on the criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the results of its evaluation, management concluded that our internal control over financial reporting was effective as of April 27, 2024. The effectiveness of our internal control over financial reporting as of April 27, 2024 has been audited by Ernst & Young LLP, independent registered public accounting firm, as stated in its report which is included in Item 8 of this Annual Report on Form 10-K.

**Changes in Internal Control over Financial Reporting**

No changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended April 27, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Inherent Limitations on Effectiveness of Controls**

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls, will prevent all error and all 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. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Credo have been detected.

**Item 9B. Other Information****10b5-1 Plans**

During our last fiscal quarter, 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.

#### **Executive Incentive Compensation Plan**

On June 21, 2024, the Compensation Committee of the Board (Compensation Committee) approved the Company’s Executive Incentive Compensation Plan (the Bonus Plan).

The Bonus Plan allows the Company to provide incentive awards to employees of the Company or any of its parents, subsidiaries, or other affiliates selected by the administrator of the Bonus Plan, including the Company’s named executive officers. Pursuant to the Bonus Plan, its administrator in its sole discretion may establish a target award for each participant as well as a bonus pool, with any actual awards payable from such bonus pool. The Bonus Plan administrator also may establish any performance goals that will apply to any awards under the Bonus Plan. Any such performance goals may include, but are not limited to, the goals listed in the Bonus Plan. The performance goals may differ from participant to participant and from award to award.

The Bonus Plan will be administered by the Board or a committee appointed by the Board. Unless and until determined otherwise by the Board, the Compensation Committee will administer the Bonus Plan. The administrator of the Bonus Plan may delegate its authority and powers under the Bonus Plan to one or more directors and/or officers of the Company, which delegation may be revoked at any time. The administrator of the Bonus Plan, at any time before payment of the actual award, may increase, reduce, or eliminate a participant’s actual award, and/or increase, reduce, or eliminate the amount allocated to a bonus pool, based on such factors as it deems relevant. The administrator of the Bonus Plan, at any time before payment of an actual award, may add, remove or modify any applicable performance goals. Actual awards generally will be paid in cash in a single lump sum, provided that the Bonus Plan administrator has discretion to settle an actual award with the grant of an equity award (pursuant to the Company’s applicable equity plan as may be in effect from time to time). To earn an actual award, a participant must be employed through the date the actual award is paid unless otherwise determined by the Bonus Plan administrator. Payment of an actual award generally will be made as soon as practicable after the end of the applicable performance period and after the actual award is approved by the Bonus Plan administrator.

The Bonus Plan administrator has the authority to modify, amend, suspend, or terminate the Bonus Plan, or any part of the Bonus Plan, at any time, provided that such action does not materially impair or materially alter any rights or obligations of any actual award earned by a participant absent such participant’s consent. The Bonus Plan will remain in effect until terminated in accordance with its terms.

The foregoing summary of the Bonus Plan is qualified in its entirety by reference to the full text of the Bonus Plan which is attached hereto as Exhibit 10.8 and is incorporated by reference herein.

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

Not applicable.

### **PART III**

#### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item is incorporated herein by reference to our 2024 Proxy Statement, which will be filed within 120 days after the end of the fiscal year to which the Annual Report on Form 10-K relates.

#### **Item 11. Executive Compensation**

The information required by this item is incorporated herein by reference to our 2024 Proxy Statement.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters**

The information required by this item is incorporated herein by reference to our 2024 Proxy Statement.

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

The information required by this item is incorporated herein by reference to our 2024 Proxy Statement.

#### **Item 14. Principal Accounting Fees and Services**

The information required by this item is incorporated herein by reference to our 2024 Proxy Statement.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. *Financial Statements:*

The financial statements required by this item are listed under Part II, Item 8, "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

2. *Financial Statement Schedules:*

All financial statement schedules have been omitted because they are not applicable or required, or the information required to be set forth therein is included in our consolidated financial statements or the notes thereto.

3. *Exhibits:*

The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

### EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference				
		Form	File Number	Exhibit	Filing Date	Filed Herewith
3.1	<a href="#">Amended and Restated Memorandum and Articles of Association</a>	8-K	001-41249	3.1	February 1, 2022	
4.1	<a href="#">Fifth Amended and Restated Members Agreement, dated May 6, 2021</a>	S-1	333-261982	4.1	January 3, 2022	
4.2	<a href="#">Description of Share Capital</a>	10-K	001-41249	4.2	June 8, 2022	
10.1†	<a href="#">Form of Indemnification Agreement entered into with each of the Registrant's officers and directors</a>	S-1	333-261982	10.1	January 3, 2022	
10.2†	<a href="#">2021 Long-Term Incentive Plan</a>	S-8	333-262358	99.1	January 27, 2022	
10.3†	<a href="#">Form of Notice of Stock Option Award and Stock Option Agreement under the 2021 Long-Term Incentive Plan</a>	S-1	333-261982	10.13	January 3, 2022	
10.4†	<a href="#">Form of Notice of RSU Award and RSU Agreement under the 2021 Long-Term Incentive Plan (Employees)</a>	S-1	333-261982	10.14	January 3, 2022	
10.5†	<a href="#">Form of Notice of RSU Award and RSU Agreement under the 2021 Long-Term Incentive Plan (Directors)</a>	S-1	333-261982	10.15	January 3, 2022	
10.6	<a href="#">Amended and Restated Employee Stock Purchase Plan</a>					X
10.7#	<a href="#">Warrant, dated December 28, 2021, issued to Amazon.com NV Investment Holdings LLC</a>	S-1/A	333-261982	10.17	January 18, 2022	
10.8	<a href="#">Executive Incentive Compensation Plan</a>					X
19.1	<a href="#">Insider Trading Policy</a>					X
21.1	<a href="#">Subsidiaries of the Registrant</a>					X
23.1	<a href="#">Consent of Independent Registered Public Accounting Firm</a>					X
24.1	<a href="#">Power of Attorney (included on signature page)</a>					X

31.1	<a href="#"><u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>	X
31.2	<a href="#"><u>Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>	X
32.1*	<a href="#"><u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>	X
32.2*	<a href="#"><u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>	X
97.1	<a href="#"><u>Compensation Recoupment Policy</u></a>	X
	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document)	
101.INS	Inline XBRL Taxonomy Extension Schema Document	X
101.SCH	Inline XBRL Taxonomy Extension Calculation Linkbase	X
101.CAL	Document	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X
	Inline XBRL Taxonomy Extension Presentation Linkbase	
101.PRE	Document	X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	X

† Indicates management contract or compensatory plan.

# Portions of this exhibit (indicated by asterisks) have been redacted in compliance with Regulation S-K Item 601(b)(10)(iv)

\* 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 and 32.2 hereto are deemed to accompany this Annual Report 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.

#### Item 16. Form 10-K Summary

None.

## SIGNATURES

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

### CREDO TECHNOLOGY GROUP HOLDING LTD

Date: June 24, 2024

By: /s/ William Brennan

Name: William Brennan

Title: President and Chief Executive Officer

Date: June 24, 2024

By: /s/ Daniel Fleming

Name: Daniel Fleming

Title: Chief Financial Officer

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints William Brennan and Daniel Fleming, and each of them individually, as his or her attorney-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and all other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ William Brennan</u> William Brennan	President, Chief Executive Officer and Director (principal executive officer)	June 24, 2024
<u>/s/ Daniel Fleming</u> Daniel Fleming	Chief Financial Officer (principal financial and accounting officer)	June 24, 2024
<u>/s/ Sylvia Acevedo</u> Sylvia Acevedo	Director	June 24, 2024
<u>/s/ Chi Fung Cheng</u> Chi Fung Cheng	Chief Technology Officer and Director	June 24, 2024
<u>/s/ Clyde Hosein</u> Clyde Hosein	Director	June 24, 2024
<u>/s/ Manpreet Khaira</u> Manpreet Khaira	Director	June 24, 2024
<u>/s/ Yat Tung Lam</u> Yat Tung Lam	Chief Operating Officer and Director	June 24, 2024

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/s/ Pantas Sutardja

Pantas Sutardja

Director

June 24, 2024

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/s/ Lip-Bu Tan

Lip-Bu Tan

Chairman

June 24, 2024

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/s/ David Zinsner

David Zinsner

Director

June 24, 2024

**CREDO TECHNOLOGY GROUP HOLDING LTD. EMPLOYEE STOCK PURCHASE PLAN**  
**(As amended and restated effective July 1, 2022)**

**Section 1. Purpose.** This Credo Technology Group Holding Ltd. Employee Stock Purchase Plan is intended to provide employees of the Company and its Participating Subsidiaries with an opportunity to acquire a proprietary interest in the Company through the purchase of Shares. The Company intends that the Plan qualify as an “employee stock purchase plan” under Section 423 of the Code and the Plan shall be interpreted in a manner that is consistent with that intent.

**Section 2. Definitions.**

- (a)     **“Automatic Reset”** has the meaning provided in Section 5(b).
- (b)     **“Board”** means the Board of Directors of the Company.
- (c)     **“Code”** means the Internal Revenue Code of 1986, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Code shall include any successor provision thereto.
- (d)     **“Committee”** means the compensation committee of the Board unless another committee is designated by the Board. If there is no compensation committee of the Board and the Board does not designate another committee, references herein to the “Committee” shall refer to the Board.
- (e)     **“Company”** means Credo Technology Group Holding Ltd., an exempt company with limited liability organized in the Cayman Islands, including any successor thereto.
- (f)     **“Compensation”** means base salary, wages, annual bonuses and commissions paid to an Eligible Employee by the Company or a Participating Subsidiary as compensation for services to the Company or Participating Subsidiary, before deduction for any salary deferral contributions made by the Eligible Employee to any tax-qualified or nonqualified deferred compensation plan, including overtime, vacation pay, holiday pay, parental leave pay, jury duty pay and funeral leave pay, but excluding education or tuition reimbursements, imputed income arising under any group insurance or benefit program, travel expenses, business and relocation expenses, and income received in connection with stock options or other equity-based awards.
- (g)     **“Corporate Transaction”** means a merger, consolidation, acquisition of property or stock, separation, reorganization or other corporate event described in Section 424 of the Code.
- (h)     **“Designated Broker”** means the financial services firm or other agent designated by the Company to maintain ESPP Share Accounts on behalf of Participants who have purchased Shares under the Plan.

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(i) **“Employee”** means any person who renders services to the Company or a Participating Subsidiary as an employee pursuant to an employment relationship with such employer. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on military leave, sick leave or other leave of absence approved by the Company or a Participating Subsidiary that meets the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three (3) months, or such other period of time specified in Treasury Regulation Section 1.421-1(h)(2), and the individual’s right to re-employment is not guaranteed by statute or contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period, or such other period specified in Treasury Regulation Section 1.421-1(h)(2).

(j) **“Eligible Employee”** means an Employee who (i) has been, or will have been, employed by the Company or a Participating Subsidiary for at least six (6) months during any Purchase Period, and (ii) is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year; *provided* that Employees who are members of the board, shall not constitute “Eligible Employees.” Notwithstanding the foregoing, the Committee may exclude from participation in the Plan or any Offering (i) any other Employees who are “highly compensated employees” (within the meaning of Section 414(q) of the Code) or any sub-set of such “highly compensated employees” and (ii) any Employees located outside of the United States to the extent permitted under Section 423 of the Code.

(k) **“Enrollment Form”** means an agreement pursuant to which an Eligible Employee may elect to enroll in the Plan, to authorize a new level of payroll deductions, or to stop payroll deductions and withdraw from an Offering Period.

(l) **“ESPP Share Account”** means an account into which Shares purchased with accumulated payroll deductions at the end of a Purchase Period are held on behalf of a Participant.

(m) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Exchange Act shall include any successor provision thereto.

(n) **“Fair Market Value”** means, as of any date, the closing price of a Share on the trading day immediately preceding the date of determination (or, if there is no reported sale on such date, on the last preceding date on which any reported sale occurred), on the principal stock market or exchange on which Shares are quoted or traded, or if Shares are not so quoted or traded, the fair market value of a Share as determined by the Committee and such determination shall be conclusive and binding on all persons.

(o) **“Initial Offering Period”** means the period beginning on the Registration Date and ending on December 31, 2023.

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(p) **“Offering Date”** means the first Trading Day of each Offering Period as designated by the Committee.

(q) **“Offering or Offering Period”** means, the Initial Offering Period, and thereafter each twenty-four (24) month period commencing on each July 1 and January 1 of each year; *provided* that, pursuant to Section 5, the Committee may change the duration of future Offering Periods (subject to a maximum Offering Period of twenty-seven (27) months) and/or the start and end dates of future Offering Periods.

(r) **“Participant”** means an Eligible Employee who is actively participating in the Plan.

(s) **“Participating Subsidiaries”** means the Subsidiaries that have been designated as eligible to participate in the Plan, and such other Subsidiaries that may be designated by the Committee from time to time in its sole discretion.

(t) **“Plan”** means this Credo Technology Group Holding Ltd Employee Stock Purchase Plan, as set forth herein, and as amended from time to time.

(u) **“Purchase Date”** means the last Trading Day of each Purchase Period. Notwithstanding the foregoing, in the event that an Offering Period is terminated prior to its expiration pursuant to Section 18(i), the Committee, in its sole discretion, may determine that any Purchase Period also terminating under such Offering Period will terminate without options being exercised on the Purchase Date that otherwise would have occurred on the last Trading Day of such Purchase Period.

(v) **“Purchase Period”** means the periods during an Offering Period during which Shares may be purchased on a Participant’s behalf in accordance with the terms of the Plan.

(w) **“Purchase Price”** means an amount equal to eighty-five percent (85%) (or such greater percentage as designated by the Committee) of the Fair Market Value of a Share on the Offering Date or the Purchase Date, whichever is less; *provided* that the Purchase Price per Share will in no event be less than the par value of the Shares.

(x) **“Registration Date”** means the date upon which the registration statement on Form S-1 that is filed by the Company with respect to its initial public offering is declared effective by the U.S. Securities and Exchange Commission.

(y) **“Securities Act”** means the Securities Act of 1933, as amended from time to time, and the rules, regulations and guidance thereunder. Any reference to a provision in the Securities Act shall include any successor provision thereto.

(z) **“Share”** means an Ordinary share of the Company, \$0.00005 par value.

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(aa) **“Subsidiary”** means any corporation, domestic or foreign, of which not less than fifty percent (50%) of the combined voting power is held by the Company or a Subsidiary, whether or not such corporation exists now or is hereafter organized or acquired by the Company or a Subsidiary. In all cases, the determination of whether an entity is a Subsidiary shall be made in accordance with Section 424(f) of the Code.

(bb) **“Trading Day”** means any day on which the national stock exchange upon which the Shares are listed is open for trading or, if the Shares are not listed on an established stock exchange or national market system, a business day, as determined by the Committee in good faith.

Section 3. *Administration.*

(a) Administration of Plan. The Plan shall be administered by the Committee which shall have the authority to construe and interpret the Plan, prescribe, amend and rescind rules relating to the Plan's administration and take any other actions necessary or desirable for the administration of the Plan including, without limitation, adopting sub-plans applicable to particular Participating Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code. The Committee may correct any defect or supply any omission or reconcile any inconsistency or ambiguity in the Plan. The decisions of the Committee shall be final and binding on all persons. All expenses of administering the Plan shall be borne by the Company.

(b) Delegation of Authority. To the extent permitted by applicable law, including under Section 157(c) of the Delaware General Corporation Law, the Committee may delegate to (i) one or more officers of the Company some or all of its authority under the Plan and (ii) one or more committees of the Board some or all of its authority under the Plan.

Section 4. *Eligibility.* In order to participate in an Offering, an Eligible Employee must deliver a completed Enrollment Form to the Company at least five (5) business days prior to the start of a Purchase Period (unless a different time is set by the Company for all Eligible Employees with respect to such Offering) and must elect his or her payroll deduction rate as described in Section 6. Notwithstanding any provision of the Plan to the contrary, no Eligible Employee shall be granted an option under the Plan if (i) immediately after the grant of the option, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or hold outstanding options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiary or (ii) such option would permit his or her rights to purchase stock under all employee stock purchase plans (described in Section 423 of the Code) of the Company and its Subsidiaries to accrue at a rate that exceeds \$25,000 based on the Fair Market Value of such stock (determined at the time the option is granted) for each calendar year in which such option is outstanding at any time.

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Section 5. *Offering Periods.*

(a) Offering Periods. The Plan shall be implemented by a series of consecutive, overlapping Offering Periods with a new Offering Period commencing on each Offering Date. The Committee shall have the authority to change the duration, frequency, start and end dates of Offering Periods.

(b) Automatic Transfer to Low Price Offering Period To the extent permitted by applicable law, if the Fair Market Value on any Purchase Date in an Offering Period is lower than the Fair Market Value on the Offering Date of such Offering Period, then all Participants in such Offering Period shall be automatically withdrawn from such Offering Period immediately after the exercise of their option to purchase Shares on such Purchase Date and automatically re-enrolled in the immediately following Offering Period as of the first day thereof (any such withdrawal and re-enrollment, "**Automatic Reset**").

Section 6. *Participation.*

(a) Enrollment; Payroll Deductions. An Eligible Employee may elect to participate in the Plan by properly completing an Enrollment Form, which may be electronic, and submitting it to the Company, in accordance with the enrollment procedures established by the Committee. Participation in the Plan is entirely voluntary. By submitting an Enrollment Form, which may be electronic, the Eligible Employee authorizes payroll deductions from his or her pay check in an amount equal to at least one percent (1%), but not more than fifteen percent (15%) of his or her Compensation on each pay day occurring during an Offering Period (or such other maximum percentage as the Committee may establish from time to time before an Offering Period begins). Even if an Eligible Employee has submitted an Enrollment Form, deductions shall not be taken from such employee's Compensation until the first pay day after such employee has been employed by the Company for six months. Payroll deductions shall commence as soon as practicable following the Offering Date and end on the latest practicable payroll date on or before the last Purchase Date of such Offering Period to which such authorization is applicable. The Company shall maintain records of all payroll deductions but shall have no obligation to pay interest on payroll deductions or to hold such amounts in a trust or in any segregated account. Unless expressly permitted by the Committee, a Participant may not make any separate contributions or payments to the Plan.

(b) Election Changes. During an Offering Period, a Participant may decrease his or her rate of payroll deductions applicable to such Offering Period only once. To make such a change, the Participant must submit a new Enrollment Form authorizing the new rate of payroll deductions at least fifteen (15) days before the applicable Purchase Date for the change to be effective for such Purchase Date. A Participant may decrease or increase his or her rate of payroll deductions for future Purchase Periods or Offering Periods by submitting a new Enrollment Form authorizing the new rate of payroll deductions at least fifteen days before the start of the next applicable Purchase Period or Offering Period.

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(c) Automatic Re-enrollment. The deduction rate selected in the Enrollment Form shall remain in effect for subsequent Purchase Periods and Offering Periods unless the Participant (i) submits a new Enrollment Form authorizing a new level of payroll deductions in accordance with Section 6(b), (ii) withdraws from the Plan in accordance with Section 10, or (iii) terminates employment or otherwise becomes ineligible to participate in the Plan. Unless a Participant submits a new Enrollment Form in accordance with Section 6(b), or an Automatic Reset occurs in accordance with Section 5(b), a Participant shall remain in the first Offering Period that commences after the Participant submits an Enrollment Form until that Offering Period ends, and for the avoidance of doubt, unless an Automatic Reset occurs, the Participant shall not be enrolled in any overlapping Offering Periods that commence during such first Offering Period, and once such Offering Period ends, the Participant shall be automatically enrolled in the subsequent Offering Period.

(d) Foreign Employees. In order to facilitate participation in the Plan, the Committee may provide for such special terms applicable to Participants who are citizens or residents of a foreign jurisdiction, or who are employed by a Participating Subsidiary outside of the United States, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to, or amendments, restatements or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose. No such special terms, supplements, amendments or restatements shall include any provisions that are inconsistent with the terms of the Plan as then in effect unless the Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

*Section 7. Grant of Option.* On each Offering Date, each Participant in the applicable Offering Period shall be granted an option to purchase, on each Purchase Date during such Offering Period, a number of Shares determined by dividing the Participant's accumulated payroll deductions by the applicable Purchase Price.

*Section 8. Exercise of Option/Purchase of Shares.* A Participant's option to purchase Shares will be exercised automatically on each Purchase Date of each Offering Period. The Participant's accumulated payroll deductions will be used to purchase the maximum number of whole Shares that can be purchased with the amounts in the Participant's notional account. No fractional Shares may be purchased, but contributions unused in a given Purchase Period due to being less than the cost of a Share will be carried forward to the next Purchase Period, subject to earlier withdrawal by the Participant in accordance with Section 10 or termination of employment in accordance with Section 11.

*Section 9. Transfer of Shares; Holding Period.* As soon as reasonably practicable after each Purchase Date, the Company will arrange for the delivery to each Participant of the Shares purchased upon exercise of his or her option. The Committee may permit or require that the Shares be deposited directly into an ESPP Share Account

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established in the name of the Participant with a Designated Broker. The Committee may determine, prior to an Offering, that Shares purchased upon exercise of an option pursuant to the Plan are subject to a holding period following each Purchase Date before sale of such Shares shall be permitted. All certificated Shares issued pursuant to a purchase under the Plan shall bear a legend stating the applicable holding period. Participants will not have any voting, dividend or other rights of a shareholder with respect to the Shares subject to any option granted hereunder until such Shares have been delivered pursuant to this Section 9.

Section 10. *Withdrawal.*

(a) Withdrawal Procedure. A Participant may withdraw from an Offering by submitting to the Company a revised Enrollment Form indicating his or her election to withdraw at least fifteen days before a Purchase Date. The accumulated payroll deductions held on behalf of a Participant in his or her notional account (that have not been used to purchase Shares) shall be paid to the Participant promptly following receipt of the Participant's Enrollment Form indicating his or her election to withdraw and the Participant's option shall be automatically terminated. If a Participant withdraws from an Offering Period, no payroll deductions will be made during any succeeding Offering Period, unless the Participant re-enrolls in accordance with Section 6(a) of the Plan.

(b) Effect on Succeeding Offering Periods. A Participant's election to withdraw from an Offering Period will not have any effect upon his or her eligibility to participate in succeeding Offering Periods that commence following the completion of the Offering Period from which the Participant withdraws.

*Section 11. Termination of Employment; Change in Employment Status* Notwithstanding Section 10, upon termination of a Participant's employment for any reason, including death, disability or retirement, or a change in the Participant's employment status following which the Participant is no longer an Eligible Employee, which in either case occurs at least ten (10) days before a Purchase Date, the Participant will be deemed to have withdrawn from the Plan and the payroll deductions in the Participant's notional account during such Offering Period (that have not been used to purchase Shares) shall be returned to the Participant, or in the case of the Participant's death, to the person(s) entitled to such amounts by will or the laws of descent and distribution, and the Participant's option shall be automatically terminated. If the Participant's termination of employment or change in status occurs within ten days before a Purchase Date, the accumulated payroll deductions shall be used to purchase Shares on the Purchase Date, and the Participant will thereafter be deemed to have withdrawn from the Plan.

*Section 12. Interest.* No interest shall accrue on or be payable with respect to the payroll deductions of a Participant in the Plan.

Section 13. *Shares Reserved for Plan.*

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(a) Number of Shares. A total of 3,800,508 Shares (subject to adjustment in accordance with Section 17) have been reserved as authorized for the grant of options under the Plan. The Shares may be newly issued Shares, treasury Shares or Shares acquired on the open market. The Committee may elect to increase the total number of Shares available for purchase under the Plan as of the first day of each Company fiscal year commencing with the fiscal year beginning in 2022 in an amount equal to up to one percent (1%) of the Shares issued and outstanding on the last day of the immediately preceding fiscal year; provided that the maximum number of Shares that may be issued under the Plan in any event shall be 38,005,080 Shares (subject to any adjustment in accordance with Section 17).

(b) Over-subscribed Offerings. The number of Shares which a Participant may purchase in an Offering under the Plan may be reduced if the Offering is over-subscribed. No option granted under the Plan shall permit a Participant to purchase Shares which, if added together with the total number of Shares purchased by all other Participants in such Offering would exceed the total number of Shares remaining available under the Plan. If the Committee determines that, on a particular Purchase Date, the number of Shares with respect to which options are to be exercised exceeds the number of Shares then available under the Plan, the Company shall make a pro rata allocation of the Shares remaining available for purchase in as uniform a manner as practicable and as the Committee determines to be equitable, and may determine in its sole discretion whether to continue or terminate any or all Offering Periods then in effect.

*Section 14. Transferability.* No payroll deductions credited to a Participant, nor any rights with respect to the exercise of an option or any rights to receive Shares hereunder may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will or the laws of descent and distribution) by the Participant. Any attempt to assign, transfer, pledge or otherwise dispose of such rights or amounts shall be without effect.

*Section 15. Application of Funds.* All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose to the extent permitted by applicable law, and the Company shall not be required to segregate such payroll deductions or contributions.

*Section 16. Statements.* Participants will be provided with statements at least annually which shall set forth the contributions made by the Participant to the Plan, the Purchase Price of any Shares purchased with accumulated funds, the number of Shares purchased, and any payroll deduction amounts remaining in the Participant's notional account.

*Section 17. Adjustments Upon Changes in Capitalization; Dissolution or Liquidation; Corporate Transactions*

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(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the Company's structure affecting the Shares occurs, then in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, the Committee will, in such manner as it deems equitable, adjust the number of Shares and class of Shares that may be delivered under the Plan, the Purchase Price per Share and the number of Shares covered by each outstanding option under the Plan, and the numerical limits of Section 7 and Section 13.

(b) Dissolution or Liquidation. Unless otherwise determined by the Committee, in the event of a proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a new Purchase Date and the Offering Period will end immediately prior to the proposed dissolution or liquidation. The new Purchase Date will be before the date of the Company's proposed dissolution or liquidation. Before the new Purchase Date, the Committee will provide each Participant with written notice, which may be electronic, of the new Purchase Date and that the Participant's option will be exercised automatically on such date, unless before such time, the Participant has withdrawn from the Offering in accordance with Section 10.

(c) Corporate Transaction. In the event of a Corporate Transaction, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a parent or Subsidiary of such successor corporation. If the successor corporation refuses to assume or substitute the option, the Offering Period with respect to which the option relates will be shortened by setting a new Purchase Date on which the Offering Period will end. The new Purchase Date will occur before the date of the Corporate Transaction. Prior to the new Purchase Date, the Committee will provide each Participant with written notice, which may be electronic, of the new Purchase Date and that the Participant's option will be exercised automatically on such date, unless before such time, the Participant has withdrawn from the Offering in accordance with Section 10. Notwithstanding the foregoing, in the event of a Corporate Transaction, the Committee may also elect to terminate all outstanding Offering Periods in accordance with Section 18(i).

#### Section 18. General Provisions.

(a) Equal Rights and Privileges. Notwithstanding any provision of the Plan to the contrary and in accordance with Section 423 of the Code, all Eligible Employees who are granted options under the Plan shall have the same rights and privileges.

(b) No Right to Continued Service. Neither the Plan nor any compensation paid hereunder will confer on any Participant the right to continue as an Employee or in any other capacity.

(c) Rights as Shareholder. A Participant will become a shareholder with respect to the Shares that are purchased pursuant to options granted under the Plan when

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the Shares are transferred to the Participant's ESPP Share Account. A Participant will have no rights as a shareholder with respect to Shares for which an election to participate in an Offering Period has been made until such Participant becomes a shareholder as provided above.

(d) Successors and Assigns. The Plan shall be binding on the Company and its successors and assigns.

(e) Entire Plan. The Plan constitutes the entire plan with respect to the subject matter hereof and supersedes all prior plans with respect to the subject matter hereof.

(f) Compliance with Law. The obligations of the Company with respect to payments under the Plan are subject to compliance with all applicable laws and regulations. Shares shall not be issued with respect to an option granted under the Plan unless the exercise of such option and the issuance and delivery of the Shares pursuant thereto shall comply with all applicable provisions of law, including, without limitation, the Securities Act, the Exchange Act, and the requirements of any stock exchange upon which the Shares may then be listed.

(g) Disqualifying Dispositions. Each Participant shall give the Company prompt written notice of any disposition or other transfer of Shares acquired pursuant to the exercise of an option acquired under the Plan, if such disposition or transfer is made within two (2) years after the Offering Date or within one (1) year after the Purchase Date. Notwithstanding the foregoing, Participants shall not transfer Shares acquired pursuant to the exercise of an option acquired under the Plan to a broker other than the Designated Broker within two (2) years after the Offering Date or within one (1) year after the Purchase Date.

(h) Effective Date; Term of Plan. The date on which the Plan originally became effective was January 26, 2022 following the Board's adoption of the Plan on December 16, 2021 and approval by the Company's stockholders on December 23, 2021. The Plan is hereby amended and restated effective as of July 1, 2022. Unless terminated earlier pursuant to Section 18(i), the Plan shall expire on January 26, 2032.

(i) Amendment or Termination. The Committee may, in its sole discretion, amend, suspend or terminate the Plan at any time and for any reason. If the Plan is terminated, the Committee may elect to terminate all outstanding Offering Periods either immediately or once Shares have been purchased on the next Purchase Date (which may, in the discretion of the Committee, be accelerated) or permit Offering Periods to expire in accordance with their terms (and subject to any adjustment in accordance with Section 17). If any Offering Period is terminated before its scheduled expiration, all amounts that have not been used to purchase Shares will be returned to Participants (without interest, except as otherwise required by law) as soon as administratively practicable.

(j) Applicable Law. The laws of the State of California shall govern all questions concerning the construction, validity and interpretation of the Plan, without regard to such state's conflict of law rules.

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(k) Section 423. The Plan is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. Any provision of the Plan that is inconsistent with Section 423 of the Code shall be reformed to comply with Section 423 of the Code.

(l) Withholding. To the extent required by applicable Federal, state or local law, a Participant must make arrangements satisfactory to the Company for the payment of any withholding or similar tax obligations that arise in connection with the Plan.

(m) Severability. If any provision of the Plan shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and the Plan shall be construed as if such invalid or unenforceable provision were omitted.

(n) Headings. The headings of sections herein are included solely for convenience and shall not affect the meaning of any of the provisions of the Plan.

**CREDO TECHNOLOGY GROUP HOLDING LTD**

**EXECUTIVE INCENTIVE COMPENSATION PLAN**

1. **Purposes of the Plan.** The Plan is intended to increase shareholder value and the success of the Company by motivating Employees to (a) perform to the best of their abilities and (b) achieve the Company's objectives.

2. **Definitions.**

2.1 **"Actual Award"** means as to any Performance Period, the actual award (if any) payable to a Participant for the Performance Period, subject to the authority of the Administrator (as defined in Section 3) under Section 4.4.

2.2 **"Affiliate"** means any corporation or other entity (including, but not limited to, partnerships and joint ventures) that, from time to time and at the time of any determination, directly or indirectly, is in control of or is controlled by the Company.

2.3 **"Board"** means the Board of Directors of the Company.

2.4 **"Bonus Pool"** means the pool of funds available for distribution to Participants. Subject to the terms of the Plan, the Administrator establishes the Bonus Pool for each Performance Period.

2.5 **"Code"** means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder will include such section or regulation, any valid regulation or formal guidance of general or direct applicability promulgated under such section or regulation, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.6 **"Committee"** means a committee appointed by the Board (pursuant to Section 3) to administer the Plan.

2.7 **"Company"** means Credo Technology Group Holding Ltd, a Cayman Islands exempted company, or any successor thereto.

2.8 **"Company Group"** means the Company and any Parents, Subsidiaries, and Affiliates.

2.9 **"Disability"** means a permanent and total disability determined in accordance with uniform and nondiscriminatory standards adopted by the Administrator from time to time.

2.10 **"Employee"** means any executive, officer, or other employee of the Company Group, whether such individual is so employed at the time the Plan is adopted or becomes so employed subsequent to the adoption of the Plan.

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2.11   **“Fiscal Year”** means a fiscal year of the Company.

2.12   **“Parent”** means a “parent corporation,” whether now or hereafter existing, as defined in Code Section 424(e), in relation to the Company.

2.13   **“Participant”** means as to any Performance Period, an Employee who has been selected by the Administrator for participation in the Plan for that Performance Period.

2.14   **“Performance Period”** means such period of time for the measurement of any performance criteria that must be met to receive an Actual Award, as determined by the Administrator. A Performance Period may be divided into one or more shorter periods; for example, but not by way of limitation, the Administrator may measure some performance criteria over a twelve (12) month period and other performance criteria over a three (3) month period or periods within such twelve (12) month period.

2.15   **“Plan”** means this Executive Incentive Compensation Plan (including any appendix attached hereto), as may be amended from time to time.

2.16   **“Section 409A”** means Section 409A of the Code and the U.S. Treasury Regulations and guidance thereunder, and any applicable state law equivalent, as each may be promulgated, amended or modified from time to time.

2.17   **“Subsidiary”** means a “subsidiary corporation,” whether now or hereafter existing, as defined in Code Section 424(f), in relation to the Company.

2.18   **“Target Award”** means the target award, at one hundred percent (100%) of target level performance achievement, payable under the Plan to a Participant for a Performance Period, as determined by the Administrator in accordance with Section 4.2.

2.19   **“Tax Withholdings”** means the tax, social insurance and social security liability or premium obligations in connection with the awards under the Plan, including without limitation: (a) all federal, state, and local income, employment and any other taxes (including the Participant’s U.S. Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by the Company Group, (b) the Participant’s and, to the extent required by the Company Group, the fringe benefit tax liability of the Company Group associated with an award under the Plan, and (c) any other taxes or social insurance or social security liabilities or premium the responsibility for which the Participant has, or has agreed to bear, with respect to such award under the Plan.

2.20   **“Termination of Employment”** means a cessation of the employee-employer relationship between an Employee and the Company Group, including without limitation a termination by resignation, discharge, death, Disability, retirement, or the disaffiliation of a Parent, Subsidiary or Affiliate. For purposes of the Plan, transfer of employment of a Participant between any members of the Company Group (for example, between the Company and a Subsidiary) will not be deemed a Termination of Employment.

2.21 **"U.S. Treasury Regulations"** means the Treasury Regulations of the Code. Reference to a specific section of the Code will include the Treasury Regulation section or sections applicable to such section of the Code, any valid regulation or formal guidance of general or direct applicability promulgated under such section of the Code, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such Treasury Regulation section or section of the Code.

### 3. **Administration of the Plan.**

3.1 **Administrator.** The Plan will be administered by the Board or a Committee (the **'Administrator'**). To the extent necessary or desirable to satisfy applicable laws, the Committee acting as the Administrator will consist of not less than two (2) members of the Board. The members of any Committee will be appointed from time to time by, and serve at the pleasure of, the Board. The Board may retain the authority to administer the Plan concurrently with a Committee and may revoke the delegation of some or all authority previously delegated. Different Administrators may administer the Plan with respect to different groups of Employees. Unless and until the Board otherwise determines, the Board's Compensation Committee will administer the Plan.

3.2 **Administrator Authority.** It will be the duty of the Administrator to administer the Plan in accordance with the Plan's provisions. The Administrator will have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to (a) determine which Employees will be granted awards, (b) prescribe the terms and conditions of awards, (c) interpret the Plan and the awards, (d) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Employees who are non U.S. nationals or employed outside of the U.S. or to qualify awards for special tax treatment under the laws of jurisdictions other than the U.S., (e) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and (f) interpret, amend or revoke any such rules. Any determinations and decisions made or to be made by the Administrator pursuant to the provisions of the Plan, unless specified otherwise by the Administrator, will be in the Administrator's sole discretion.

3.3 **Decisions Binding.** All determinations and decisions made by the Administrator and/or any delegate of the Administrator pursuant to the provisions of the Plan will be final, conclusive, and binding on all persons, and will be given the maximum deference permitted by law.

3.4 **Delegation by Administrator.** The Administrator, on such terms and conditions as it may provide, may delegate all or part of its authority and powers under the Plan to one or more directors and/or officers of the Company. Such delegation may be revoked at any time.

3.5 **Indemnification.** Each person who is or will have been a member of the Administrator will be indemnified and held harmless by the Company against and from (a) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit, or proceeding to which such person

may be a party or in which such person may be involved by reason of any action taken or failure to act under the Plan or any award, and (b) from any and all amounts paid by such person in settlement thereof, with the Company's approval, or paid by such person in satisfaction of any judgment in any such claim, action, suit, or proceeding against such person, provided such person will give the Company an opportunity, at its own expense, to handle and defend the same before such person undertakes to handle and defend it on such person's own behalf. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

#### 4. Selection of Participants and Determination of Awards

4.1 **Selection of Participants.** The Administrator will select the Employees who will be Participants for any Performance Period. Participation in the Plan will be on a Performance Period by Performance Period basis. Accordingly, an Employee who is a Participant for a given Performance Period in no way is guaranteed or assured of being selected for participation in any subsequent Performance Period or Performance Periods. No Employee will have the right to be selected to receive an award under this Plan or, if so selected, to be selected to receive a future award.

4.2 **Determination of Target Awards.** The Administrator may establish a Target Award for each Participant (which may be expressed as a percentage of a Participant's average annual base salary for the Performance Period or a fixed dollar amount or such other amount or based on such other formula or factors as the Administrator determines).

4.3 **Bonus Pool.** Each Performance Period, the Administrator may establish a Bonus Pool, which pool may be established before, during or after the applicable Performance Period. Actual Awards will be paid from the Bonus Pool (if a Bonus Pool has been established).

4.4 **Discretion to Modify Awards.** Notwithstanding any contrary provision of the Plan, the Administrator, at any time prior to payment of an Actual Award, may: (a) increase, reduce or eliminate a Participant's Actual Award, and/or (b) increase, reduce or eliminate the amount allocated to the Bonus Pool. The Actual Award may be below, at or above the Target Award, as determined by the Administrator. The Administrator may determine the amount of any increase, reduction, or elimination based on such factors as it deems relevant and will not be required to establish any allocation or weighting with respect to the factors it considers.

4.5 **Discretion to Determine Criteria.** Notwithstanding any contrary provision of the Plan, the Administrator will determine the performance goals, if any, applicable to any Target Award (or portion thereof) which may include, without limitation, goals related to: attainment of research and development milestones; sales bookings; business divestitures and acquisitions; capital raising; cash flow; cash position; contract awards or backlog; corporate transactions; customer renewals; customer retention rates from an acquired company, subsidiary, business unit or division; earnings (which may include any calculation of earnings, including but

not limited to earnings before interest and taxes, earnings before taxes, earnings before interest, taxes, depreciation and amortization and net taxes); earnings per share; expenses; financial milestones; gross margin; growth in shareholder value relative to the moving average of the S&P 500 Index or another index; internal rate of return; leadership development or succession planning; license or research collaboration arrangements; market share; net income; net profit; net sales; new product or business development; new product invention or innovation; number of customers; operating cash flow; operating expenses; operating income; operating margin; overhead or other expense reduction; patents; procurement; product defect measures; product release timelines; productivity; profit; regulatory milestones or regulatory-related goals; retained earnings; return on assets; return on capital; return on equity; return on investment; return on sales; revenue; revenue growth; sales results; sales growth; savings; share price; time to market; total shareholder return; working capital; unadjusted or adjusted actual contract value; unadjusted or adjusted total contract value; and individual objectives such as peer reviews or other subjective or objective criteria. As determined by the Administrator, the performance goals may be based on U.S. generally accepted accounting principles (“GAAP”) or non GAAP results and any actual results may be adjusted by the Administrator for one-time items or unbudgeted or unexpected items and/or payments of Actual Awards under the Plan when determining whether the performance goals have been met. The performance goals may be based on any factors the Administrator determines- relevant, including without limitation on an individual, divisional, portfolio, project, business unit, segment or Company-wide basis. Any criteria used may be measured on such basis as the Administrator determines, including without limitation: (a) in absolute terms, (b) in combination with another performance goal or goals (for example, but not by way of limitation, as a ratio or matrix), (c) in relative terms (including, but not limited to, results for other periods, passage of time and/or against another company or companies or an index or indices), (d) on a per-share basis, (e) against the performance of the Company as a whole or a segment of the Company and/or (f) on a pre-tax or after-tax basis. The performance goals may differ from Participant to Participant and from award to award. Failure to meet the applicable performance goals will result in a failure to earn the Target Award, except as provided in Section 4.4. The Administrator also may determine that a Target Award (or portion thereof) will not have a performance goal associated with it but instead will be granted (if at all) as determined by the Administrator. Notwithstanding any contrary provision of the Plan, the Administrator, at any time prior to payment of an Actual Award, may add, remove or modify the performance goals, if any, applicable to any Target Award (or portion thereof).

## 5. Payment of Awards.

5.1 **Right to Receive Payment.** Each Actual Award will be paid solely from the general assets of the Company Group. Nothing in this Plan will be construed to create a trust or to establish or evidence any Participant's claim of any right other than as an unsecured general creditor with respect to any payment to which the Participant may be entitled.

5.2 **Timing of Payment.** Payment of each Actual Award will be made as soon as practicable after the end of the Performance Period to which the Actual Award relates and after the Actual Award is approved by the Administrator, but in no event after the later of (a) the fifteenth (15th) day of the third (3rd) month of the Company's taxable year immediately

following the Company's taxable year in which the Participant's Actual Award first becomes no longer subject to a substantial risk of forfeiture, and (b) March 15 of the calendar year immediately following the calendar year in which the Participant's Actual Award first becomes no longer subject to a substantial risk of forfeiture. Unless otherwise determined by the Administrator, to earn an Actual Award a Participant must be employed by the Company Group on the date the Actual Award is paid, and in all cases subject to the Administrator's discretion pursuant to Section 4.4.

**5.3 Form of Payment.** Each Actual Award generally will be paid in cash (or its equivalent) in a single lump sum. The Administrator reserves the right to settle an Actual Award with a grant of an equity award with such terms and conditions, including any vesting requirements, as determined by the Administrator.

**5.4 Payment in the Event of Death or Disability.** If a Termination of Employment occurs due to a Participant's death or Disability prior to payment of an Actual Award that the Administrator has determined will be paid for a prior Performance Period, then the Actual Award will be paid to the Participant or the Participant's estate, as the case may be, subject to the Administrator's discretion pursuant to Section 4.4.

## 6. General Provisions.

### 6.1 Tax Matters.

**6.1.1 Section 409A.** It is the intent that this Plan be exempt from or comply with the requirements of Section 409A so that none of the payments to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms will be interpreted to be so exempt or so comply. Each payment under this Plan is intended to constitute a separate payment for purposes of U.S. Treasury Regulations Section 1.409A-2(b)(2). In no event will the Company Group have any liability, obligation, or responsibility to reimburse, indemnify or hold harmless any Participant or other Employee for any taxes, penalties or interest imposed, or other costs incurred, as a result of Section 409A.

**6.1.2 Tax Withholdings.** The Company Group will have the right and authority to deduct from any Actual Award all applicable Tax Withholdings. Prior to the payment of an Actual Award or such earlier time as any Tax Withholdings are due, the Company Group is permitted to deduct or withhold, or require a Participant to remit to the Company Group, an amount sufficient to satisfy any Tax Withholdings with respect to such Actual Award.

**6.2 No Effect on Employment or Service.** Neither the Plan nor any award under the Plan will confer upon a Participant any right regarding continuing the Participant's relationship as an Employee or other service provider to the Company Group, nor will they interfere with or limit in any way the right of the Company Group or the Participant to terminate such relationship at any time, free from any liability or claim under the Plan.

### 6.3 Forfeiture Events.

6.3.1 **Clawback Policy; Applicable Laws.** All awards under the Plan will be subject to reduction, cancellation, recovery, forfeiture, recoupment, reimbursement, or reacquisition in accordance with any clawback policy of the Company Group as may be established and/or amended from time to time to comply with applicable laws, including without limitation pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. In addition, the Administrator may impose such other clawback, reduction, cancellation, recovery, forfeiture, recoupment, reimbursement, or reacquisition provisions with respect to an award under the Plan as the Administrator determines necessary or appropriate, including without limitation a reacquisition right in respect of previously acquired cash, shares, or other property provided with respect to an award, or upon specified events which may include (without limitation) termination of a Participant's status as an Employee or other service provider for cause or any specified action or inaction by a Participant, whether before or after such termination of employment or other service, that would constitute cause for termination of such Participant's status as an Employee or other service provider. Unless this Section 6.3.1 is specifically mentioned and waived in a written agreement between a Participant and a member of the Company Group or other document, no recovery of compensation under a clawback policy or otherwise will constitute an event that triggers or contributes to any right of the Participant to resign for "good reason" or "constructive termination" (or similar term) under any agreement with a member of the Company Group.

6.3.2 **Additional Forfeiture Terms.** The Administrator may specify when providing for an award under the Plan that the Participant's rights, payments, and benefits with respect to the award will be subject to reduction, cancellation, recovery, forfeiture, recoupment, reimbursement, or reacquisition upon the occurrence of specified events, in addition to any otherwise applicable vesting or performance conditions of the award. Such events may include, without limitation, termination of the Participant's status as an Employee for "cause" or any act by a Participant, whether before or after the Participant's status as an Employee terminates, that would constitute "cause."

6.3.3 **Accounting Restatements.** If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, then any Participant who knowingly or through gross negligence engaged in the misconduct, or who knowingly or through gross negligence failed to prevent the misconduct, and any Participant who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, will reimburse the Company Group the amount of any payment with respect to an award earned or accrued during the twelve (12) month period following the first public issuance or filing with the U.S. Securities and Exchange Commission (whichever first occurred) of the financial document embodying such financial reporting requirement.

6.4 **Successors.** All obligations of the Company under the Plan, with respect to awards under the Plan, will be binding on any successor to the Company, whether the

existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

**6.5 Nontransferability of Awards.** No award under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution, and except as provided in Section 5.4. All rights with respect to an award granted to a Participant will be available during the Participant's lifetime only to the Participant.

**7. Amendment, Termination, and Duration.**

**7.1 Amendment, Suspension, or Termination.** The Administrator may modify, amend, suspend or terminate the Plan, or any part thereof, at any time and for any reason. The modification, amendment, suspension or termination of the Plan will not, without the consent of the Participant, materially alter or materially impair any rights or obligations under any Actual Award earned by such Participant. No award may be granted during any period of suspension or after termination of the Plan.

**7.2 Duration of Plan.** The Plan will commence on the date first adopted by the Board or the Compensation Committee of the Board, and subject to Section 7.1 (regarding the Administrator's right to amend or terminate the Plan), will remain in effect thereafter until terminated.

**8. Legal Construction.**

**8.1 Number.** Unless otherwise indicated by the context, any term used in plural herein will include the singular and the singular will include the plural.

**8.2 Severability.** If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality, or unenforceability will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the invalid, illegal, or unenforceable provision had not been included.

**8.3 Governing Law.** The Plan and all awards will be construed in accordance with and governed by the laws of the State of California, but without regard to its conflict of law provisions. For purposes of litigating any dispute that arises under this Plan, a Participant's acceptance of an award is the Participant's consent to the jurisdiction of the State of California, and agreement that any such litigation will be conducted in Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, regardless of where a Participant's services are performed.

**8.4 Bonus Plan.** The Plan is intended to be a "bonus program" as defined under U.S. Department of Labor regulations section 2510.3-2(c) and will be construed and administered in accordance with such intention.

8.5 **Headings.** Headings are provided herein for convenience only, and will not serve as a basis for interpretation or construction of the Plan.

9. **Compliance with Applicable Laws.** Awards under the Plan (including without limitation the granting of such awards) will be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

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## CREDO TECHNOLOGY GROUP HOLDING LTD

### INSIDER TRADING POLICY

(Adopted on June 21, 2024)

#### A. POLICY OVERVIEW

Credo Technology Group Holding Ltd (together with any subsidiaries, collectively “**Credo**”) 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 Credo 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, Credo, 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 monetary 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 Credo’s reputation.

For purposes of this Policy, the Company’s Chief Legal Officer serves as the Compliance Officer. The Compliance Officer may designate others, from time to time, to assist with the execution of his or her duties under this Policy.

#### B. POLICY STATEMENT

##### 1. No Trading on Material Nonpublic Information

It is illegal for anyone to trade in securities on the basis of material nonpublic information. If you are in possession of material nonpublic information about Credo, you are prohibited from:

1. using it to buy or sell securities of Credo;
2. disclosing it to other employees, directors, officers, consultants, contractors or advisors whose roles do not require them to have the information;
3. disclosing it to anyone outside of Credo, including family, friends, business associates, investors, stockbrokers, or consulting firms, without prior written authorization from the Compliance Officer; or
4. using it to express an opinion or make a recommendation about trading in Credo’s securities.

In addition, material nonpublic information about another company that you learn through your service with Credo is subject to these same restrictions around disclosure and

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trading and you cannot use that information to trade securities. Any such action will be deemed a violation of this Policy.

## 2. Definition of Material Nonpublic Information

**“Material information”** means information that a reasonable investor would be substantially likely to consider important in deciding whether to buy, hold or sell securities of Credo or view as significantly altering the total mix of information available in the marketplace about Credo as an issuer of the securities. 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.

Even if information is widely known throughout Credo, it may still be nonpublic. Generally, in order for information to be considered public, it must be made generally available through media outlets or SEC filings. After the release of information, a reasonable period of time must elapse in order to provide the public an opportunity to absorb and evaluate the information provided. As a general rule, at least one full trading day must pass after the dissemination of information before such information is considered public.

## 3. Examples of Material Information

It is not possible to define all categories of “material” information. However, some examples of information that could be regarded as material include:

1. financial results, key metrics, financial condition, earnings pre-announcements, guidance, projections or forecasts, particularly if inconsistent with Credo’s guidance or the expectations of the investment community;
2. restatements of financial results, or material impairments, write-offs or restructurings;
3. 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 Credo;
4. major events involving Credo’s securities, including calls of securities for redemption, adoption of stock repurchase programs, option repricings, stock splits, public or private securities offerings, modification to the rights of security holders or notice of delisting;
5. significant developments involving business relationships, including execution, modification or termination of significant agreements or orders with customers, suppliers, distributors, manufacturers or other business partners;

6. significant information relating to Credo's products or services, such as new products or services, major modifications or performance issues, defects or recalls, significant pricing changes or other announcements of a significant nature;
7. significant legal or regulatory developments, whether positive or negative, actual or threatened, including litigation or resolving litigation;
8. major personnel changes, such as changes in senior management or employee layoffs;
9. data breaches or other cybersecurity events;
10. creation of significant financial obligations, or any significant default under or acceleration of any financial obligation;
11. impending bankruptcy or financial liquidity problems;
12. changes in independent auditors, or notification that Credo may no longer rely on an audit report;
13. updates regarding any prior material disclosure that has materially changed; and
14. the existence of a special blackout period.

If you are not sure whether certain information is material, please reach out to the Compliance Office for guidance.

#### **4. No Disclosure of Material Nonpublic Information**

You may not at any time disclose material nonpublic information about Credo or about another company that you obtained in connection with your service with Credo to friends, family members or any other person or entity that Credo has not authorized to know such information. In addition, you must handle the confidential information of others in accordance with any related non-disclosure agreements and other obligations that Credo has with them and limit your use of the confidential information to the purpose for which it was disclosed.

If you receive an inquiry for information from someone outside of Credo, such as a stock analyst, or a request for sensitive information outside the ordinary course of business from someone outside of Credo, such as a business partner, vendor, supplier or salesperson, then you should refer the inquiry to the Compliance Officer. Responding to a request yourself may violate this Policy and, in some circumstances, the law.

#### **C. PERSONS COVERED BY THIS POLICY**

This Policy applies to all employees, officers, directors, consultants, contractors, interns, or advisor of Credo, both inside and outside of the United States. This Policy also covers 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. You are responsible for making sure that these other individuals and entities comply with this Policy.

This Policy continues to apply even if you leave Credo or are otherwise no longer affiliated with or providing services to Credo, for as long as you remain in possession of material nonpublic information. In addition, if you are subject to a trading blackout under this Policy at the time you leave Credo, you must abide by the applicable trading restrictions until at least the end of the relevant blackout period.

#### **D. TRADING COVERED BY THIS POLICY**

Except as discussed in Section H (*Exceptions to Trading Restrictions*), this Policy applies to all transactions involving Credo's securities or other companies' securities for which you possess material nonpublic information obtained in connection with your service with Credo. This Policy therefore applies to:

1. any purchase, sale, loan or other transfer or disposition of any equity securities (including common stock, options, restricted stock units, warrants and preferred stock) and debt securities (including debentures, bonds and notes) of Credo and such other companies, whether direct or indirect (including transactions made on your behalf by money managers), and any offer to engage in the foregoing transactions;
2. any disposition in the form of a gift of any securities of Credo;
3. any distribution to holders of interests in an entity if the entity is subject to this Policy; and
4. any other arrangement that generates gains or losses from or based on changes in the prices of such securities including derivative securities (for example, exchange traded put or call options, swaps, caps and collars), hedging and pledging transactions, short sales and certain arrangements regarding participation in benefit plans, and any offer to engage in the foregoing transactions.

There are no exceptions from insider trading laws or this Policy based on the size of the transaction or the type of consideration received.

#### **E. TRADING RESTRICTIONS**

Subject to the exceptions set forth below, this Policy restricts trading during quarterly blackout periods and special blackout periods as explained below.

## 1. Quarterly Blackout Periods

Except as discussed in Section H (Exceptions to Trading Restrictions), employees, officers, and directors of Credo, and those consultants, contractors and advisors identified by Credo, must refrain from conducting transactions involving Credo's securities during quarterly blackout periods. 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.

Credo has two quarterly blackout periods:

1. The Insider Blackout Period applies to members of the board of directors, executive officers and their assistants and household members of executive officers, and such other persons as may be designated from time to time and informed of such status by the Compliance Officer ("Insiders"). The Insider Blackout period will start at the end of the last trading day on or before the 15<sup>th</sup> day of the third month of each fiscal quarter and will end at the start of the second full trading day following Credo's earnings release.
2. All Employee Blackout Period applies to all employees and will start at the end of the last trading day on or before the 22nd day of the third month of each fiscal quarter and will end at the start of the second full trading day following Credo's earnings release.

The prohibition against trading during a quarterly or special blackout period also means that brokers cannot fulfill open orders on your behalf or on behalf of your immediate family members, persons with whom you share a household, persons who are your economic dependents or any entity whose transactions in securities you influence, direct or control, during the blackout period, including "limit orders" to buy or sell stock at a specific price or better and "stop orders" to buy or sell stock once the price of the stock reaches a specified price. If you are subject to blackout periods or pre-clearance requirements, you should so inform any broker with whom such an open order is placed at the time it is placed and terminate any open orders before the start of a blackout period.

## 2. Special Blackout Periods

Credo always retains the right to impose additional or longer trading blackout periods at any time on any or all of its directors, officers, employees, consultants, contractors and advisors. The Compliance Officer will notify you if you are subject to a special blackout period. If you are notified that you are subject to a special blackout period, you may not engage in any transaction involving Credo's securities until the special blackout period has ended other than the transactions that are covered by the exceptions below. You also may not disclose to anyone else that Credo has imposed a special blackout period. 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.

## **F. PROHIBITED TRANSACTIONS**

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 or not.

### **1. Short Sales**

You may not engage in short sales (meaning the sale of a security that must be borrowed to make delivery) or "sell short against the box" (meaning the sale of a security with a delayed delivery) if such sales involve Credo's securities.

### **2. Derivative Securities and Hedging Transactions**

You may not, directly or indirectly, (a) trade in publicly-traded options, such as puts and calls, and other derivative securities with respect to Credo's securities (other than stock options, restricted stock units and other compensatory awards issued to you by Credo) or (b) purchase 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 Credo equity securities either (i) granted to you by Credo as part of your compensation or (ii) held, directly or indirectly, by you.

### **3. Pledging Transactions**

You may not pledge Credo's securities as collateral for any loan or as part of any other pledging transaction.

### **4. Margin Accounts**

You may not hold Credo's common stock in margin accounts.

## **G. PRE-CLEARANCE OF TRADES**

All Insiders must obtain pre-clearance prior to trading Credo's securities by submitting to the Compliance Officer the form attached to this policy at [Exhibit A](#) or any similar form made available by the Compliance Officer. The person requesting pre-clearance will be asked to certify that he or she is not in possession of material nonpublic information about Credo. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction.

If the Compliance Officer is the requester, then Credo's Chief Executive Officer, Chief Financial Officer, or their delegate, must pre-clear or deny any trade.

All trades must be executed within five trading days of any pre-clearance. Even after pre-clearance, a person may not trade Credo's securities if they become subject to a blackout period or become aware of material nonpublic information prior to the trade being executed.

From time to time, Credo 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 Insider list as appropriate.

#### **H. EXCEPTIONS TO TRADING RESTRICTIONS**

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 Credo's securities because you possess material nonpublic information, are subject to a special blackout period or are otherwise restricted under this Policy.

The following are certain limited exceptions to the quarterly and special blackout period restrictions and pre-clearance requirements imposed by Credo under this Policy:

1. stock option exercises where the purchase price of such stock options is paid in cash and you do not sell or transfer the stock acquired upon exercise;
2. purchases pursuant to the employee stock purchase plan; however, this exception does not apply to subsequent sales of the shares;
3. receipt and vesting of stock options, restricted stock units, restricted stock or other equity compensation awards from Credo;
4. net share withholding with respect to equity awards where shares are withheld by Credo in order to satisfy tax withholding requirements, (x) as required by either Credo's board of directors (or a committee thereof) or the award agreement governing such equity award or (y) as you elect, if permitted by Credo, 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;
5. 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 Credo's board of directors (or a committee thereof) or the award agreement governing such equity award or (y) as you elect, if permitted by Credo, 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 taxes;
6. transactions made pursuant to a valid 10b5-1 trading plan approved by Credo (see Section I 10b5-1 Trading Plans below);

7. transfers by will or the laws of descent or 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 Credo's securities; and
8. changes in the number of Credo's securities you hold due to a stock split or a stock dividend that applies equally to all securities of a class, or similar transactions.

## **I. 10B5-1 TRADING PLANS**

Credo permits its directors, officers and employees to adopt written 10b5-1 trading plans in order to mitigate the risk of trading or the appearance of trading on material nonpublic information. These plans allow for individuals to enter into a rearranged 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 Credo 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 10b5-1 Trading Plan Policy attached as [Exhibit B](#). If the Compliance Officer is the requester, then Credo's Chief Executive Officer, Chief Financial Officer, or their delegate, must approve the Compliance Officer's trading plan.

## **J. SECTION 16 COMPLIANCE**

All of Credo's executive officers and members of the board of directors and certain other individuals identified by Credo's board of directors 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 Credo'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 Credo with detailed information (for example, trade date, number of shares, exact price, etc.) about his or her transactions involving Credo's securities.

Credo 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.

## **K. VIOLATIONS OF THIS POLICY**

Credo directors, officers, employees, consultants, contractors and advisors who violate this Policy will be subject to disciplinary action by Credo, including ineligibility for future Credo equity or incentive programs or termination of employment or an ongoing relationship with Credo. Credo has full discretion to determine whether this Policy has been violated based on the information available and to determine the appropriate disciplinary action.

There are also serious legal consequences for individuals who violate insider trading laws, including large criminal and civil fines, significant imprisonment terms and disgorgement of any profits gained or losses avoided. You may also be liable for improper securities trading by any person (commonly referred to as a "tippee") to whom you have disclosed material nonpublic information that you have learned through your position at Credo or made recommendations or expressed opinions about securities trading on the basis of such information.

#### **L. REPORTING OF NON-COMPLIANCE**

If you believe someone is violating this Policy or otherwise using material nonpublic information that they learned through their position at Credo to trade securities, you should report it to the Compliance Officer, or if the Compliance Officer is implicated in your report, then you should report it to your manager, another officer of Credo, or the Human Resources Department.

In addition, you may report any potential non-compliance using the ethics hotline and you may do so anonymously if you prefer:

1. Online Submission at: [www.lighthouse-services.com/credosemi](http://www.lighthouse-services.com/credosemi)
2. Telephone Direct Dial:
  - English-speaking USA and Canada: 855-222-3801
  - Spanish-speaking USA and Canada: 800-216-1288
  - French-speaking Canada: 855-725-0002
  - Spanish-speaking Mexico: 01-800-681-5340
3. All other countries: 800-603-2869 (must dial country access code first; click [here](#) for access codes and dialing instructions)
4. E-mail: [reports@lighthouse-services.com](mailto:reports@lighthouse-services.com) (must include Credo's name with report)
5. Fax: (215) 689-3885 (must include Credo's name with report)

#### **M. AMENDMENTS**

Credo reserves the right to amend this Policy at any time, for any reason, subject to applicable laws, rules and regulations, and with or without notice, although it will attempt to provide notice in advance of any change. Unless otherwise permitted by this Policy, any amendments must be approved by the Board of Directors of Credo.

**EXHIBIT A**

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## EXHIBIT B

### REQUIREMENTS FOR TRADING PLANS

For transactions under a trading plan to be exempt from (A) the prohibitions in Credo's Insider Trading Policy (the "Policy") of Credo Technology Group Holding Ltd (together with any subsidiaries, collectively the "Credo") 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:
  - a. is not aware of material nonpublic information about the securities or Credo; and
  - b. 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. For officers and members of the Board of Directors who are subject to Section 16 of the Securities and Exchange Act of 1934 and related rules and regulations the cooling off period must be the later of (a) 90 calendar days after the adoption of the trading plan and (b) two business days after the filing by Credo 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). For all other persons covered by this Policy, the cooling-off period must be at least 30 calendar days after the adoption of the trading plan and the first trade must occur during a regular open trading window.
7. The trading plan must have a minimum term of six months (starting from the date of adoption of the trading plan) although participants are strongly encouraged to have a term of 12-24 months.

8. It is strongly encouraged that all transactions during the term of the trading plan be conducted through the trading plan. However, the Compliance Officer may approve additional trades outside 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 are 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. 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.

11. If the person that adopted the trading plan terminates the plan prior to its stated duration, he or she may not trade in Credo's securities until after the expiration of 30 calendar days following termination, and then only in accordance with the Policy.

12. Credo must be promptly notified of any Modification or termination of the trading plan, including any suspension of trading under the trading plan.

13. Credo must have authority to require the suspension or cancellation of the trading plan at any time.

14. 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 Credo or its securities; and
- c. the person administering the trading plan must provide prompt notice to Credo of the execution of a transaction pursuant to the plan.

15. All transactions under the trading plan must be in accordance with applicable law.

16. The trading plan (including any Modification) must meet such other requirements as the Compliance Officer may determine.

**Subsidiaries of the Registrant**

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>
Credo Technology Group Ltd	Cayman Islands
Credo Semiconductor Inc.	California
Credo Technology (HK) Limited	Hong Kong
Credo Semiconductor (Hong Kong) Limited	Hong Kong
Credo Technology (SH) Ltd.	China
Infinita Technology (SH) Ltd.	China
Credo Technology (HK) Limited Taiwan Branch	Taiwan
Credo Technology (SH) Ltd. Nanjing Branch	China
Credo Technology (SH) Ltd. Wuhan Branch	China

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-275894) of Credo Technology Group Holding Ltd,
- (2) Registration Statement (Form S-8 No. 333-262358) pertaining to the 2015 Stock Plan, 2021 Long Term Incentive Plan, and Employee Stock Purchase Plan of Credo Technology Group Holding Ltd, and
- (3) Registration Statement (Form S-8 No. 333-275826) pertaining to the 2021 Long Term Incentive Plan and Employee Stock Purchase Plan of Credo Technology Group Holding Ltd

of our reports dated June 24, 2024, with respect to the consolidated financial statements of Credo Technology Group Holding Ltd, and the effectiveness of internal control over financial reporting of Credo Technology Group Holding Ltd, included in this Annual Report (Form 10-K) of Credo Technology Group Holding Ltd for the year ended April 27, 2024.

/s/ Ernst & Young LLP

San Jose, California  
June 24, 2024

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

I, William Brennan, certify that:

1. I have reviewed this annual report on Form 10-K of Credo Technology Group Holding Ltd;
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 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 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: June 24, 2024

By: \_\_\_\_\_ /s/ William Brennan  
William Brennan  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER2**

I, Daniel Fleming, certify that:

1. I have reviewed this annual report on Form 10-K of Credo Technology Group Holding Ltd;
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 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 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: June 24, 2024

By: \_\_\_\_\_ /s/ Daniel Fleming  
 Daniel Fleming  
 Chief Financial Officer  
 (Principal Financial Officer)

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

In connection with the annual report of Credo Technology Group Holding Ltd (the "Company") on Form 10-K for the period ended April 27, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Brennan, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 24, 2024

By: \_\_\_\_\_ */s/ William Brennan*  
William Brennan  
President and Chief Executive Officer  
(Principal Executive Officer)

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

In connection with the annual report of Credo Technology Group Holding Ltd (the "Company") on Form 10-K for the period ended April 27, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel Fleming, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 24, 2024

By: \_\_\_\_\_ /s/ Daniel Fleming  
Daniel Fleming  
Chief Financial Officer  
(Principal Financial Officer)

**CREDO TECHNOLOGY GROUP HOLDING LTD**  
**COMPENSATION RECOUPMENT POLICY**

This Compensation Recoupment Policy (the “**Policy**”) has been adopted by the Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Credo Technology Group Holding Ltd (the “**Company**”) on November 15, 2023. This Policy provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under U.S. federal securities laws in accordance with the terms and conditions set forth herein. This Policy is intended to comply with the requirements of Section 10D of the Exchange Act (as defined below) and Section 5608 of the Nasdaq Listing Rules (the “**Listing Rule**”).

1. **Definitions.** For the purposes of this Policy, the following terms shall have the meanings set forth below. Capitalized terms used but not defined in this Policy shall have the meanings set forth in the Company’s 2021 Long-Term Incentive Plan or the Company’s Employee Stock Purchase Plan, as applicable (as may be amended from time to time).

(a) “**Committee**” means the compensation committee of the Board or any successor committee thereof. If there is no compensation committee of the Board, references herein to the Committee shall refer to the Company’s committee of independent directors that is responsible for executive compensation decisions, or in the absence of such a compensation committee, the independent members of the Board.

(b) “**Covered Compensation**” means any Incentive-based Compensation “received” by a Covered Executive during the applicable Recoupment Period; *provided* that:

- (i) such Incentive-based Compensation was received by such Covered Executive (A) on or after the Effective Date, (B) after he or she commenced service as an Executive Officer and (C) while the Company had a class of securities publicly listed on a United States national securities exchange; and
- (ii) such Covered Executive served as an Executive Officer at any time during the performance period applicable to such Incentive-based Compensation.

For purposes of this Policy, Incentive-based Compensation is “**received**” by a Covered Executive during the fiscal period in which the Financial Reporting Measure applicable to such Incentive-based Compensation (or portion thereof) is attained, even if the payment or grant of such Incentive-based Compensation is made thereafter.

(c) “**Covered Executive**” means any (i) current or former Executive Officer and (ii) any other employee of the Company and its subsidiaries designated by the Committee as subject to this Policy from time to time.

(d) “**Effective Date**” means the date on which the Listing Rule becomes effective.

(e) “**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

(f) “**Executive Officer**” means, with respect to the Company, (i) its president, (ii) its principal financial officer, (iii) its principal accounting officer (or if there is no such accounting officer, its controller), (iv) any vice-president in charge of a principal business unit, division or function (such as sales, administration or finance), (v) any other officer who performs a policy-making function for the Company (including any officer of the Company’s parent(s) or subsidiaries if they perform policy-making functions for the Company) and (vi) any other person who performs similar policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. The determination as to an individual’s status as an Executive Officer shall be made by the Committee and such determination shall be final, conclusive and binding on such individual and all other interested persons.

(g) “**Financial Reporting Measure**” means any (i) measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, (ii) stock price

measure or (iii) total shareholder return measure (and any measures that are derived wholly or in part from any measure referenced in clause (i), (ii) or (iii) above). For the avoidance of doubt, any such measure does not need to be presented within the Company's financial statements or included in a filing with the U.S. Securities and Exchange Commission to constitute a Financial Reporting Measure.

(h) **"Financial Restatement"** means a restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under U.S. federal securities laws that is required in order to correct:

- (i) an error in previously issued financial statements that is material to the previously issued financial statements; or
- (ii) an error that would result in a material misstatement if the error were (A) corrected in the current period or (B) left uncorrected in the current period.

For purposes of this Policy, a Financial Restatement shall not be deemed to occur in the event of a revision of the Company's financial statements due to an out-of-period adjustment (i.e., when the error is immaterial to the previously issued financial statements and the correction of the error is also immaterial to the current period) or a retrospective (1) application of a change in accounting principles; (2) revision to reportable segment information due to a change in the structure of the Company's internal organization; (3) reclassification due to a discontinued operation; (4) application of a change in reporting entity, such as from a reorganization of entities under common control; or (5) revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

(i) **"Incentive-based Compensation"** means any compensation (including, for the avoidance of doubt, any cash or equity or equity-based compensation, whether deferred or current) that is granted, earned and/or vested based wholly or in part upon the achievement of a Financial Reporting Measure. For purposes of this Policy, "Incentive-based Compensation" shall also be deemed to include any amounts which were determined based on (or were otherwise calculated by reference to) Incentive-based Compensation (including, without limitation, any amounts under any long-term disability, life insurance or supplemental retirement or severance plan or agreement or any notional account that is based on Incentive-based Compensation, as well as any earnings accrued thereon).

(j) **"Nasdaq"** means the NASDAQ Global Select Market, or any successor thereof.

(k) **"Recoupment Period"** means the three fiscal years completed immediately preceding the date of any applicable Recoupment Trigger Date. Notwithstanding the foregoing, the Recoupment Period additionally includes any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years, provided that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine (9) to twelve (12) months would be deemed a completed fiscal year.

(l) **"Recoupment Trigger Date"** means the earlier of (i) the date that the Board (or a committee thereof or the officer(s) of the Company authorized to take such action if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement, and (ii) the date on which a court, regulator or other legally authorized body directs the Company to prepare a Financial Restatement.

## 2. Recoupment of Erroneously Awarded Compensation.

(a) In the event of a Financial Restatement, if the amount of any Covered Compensation received by a Covered Executive (the **"Awarded Compensation"**) exceeds the amount of such Covered Compensation that would have otherwise been received by such Covered Executive if calculated based on the Financial Restatement (the **"Adjusted Compensation"**), the Company shall reasonably promptly recover from such Covered Executive an amount equal to the excess of the Awarded Compensation over the Adjusted Compensation, each calculated on a pre-tax basis (such excess amount, the **"Erroneously Awarded Compensation"**).

(b) If (i) the Financial Reporting Measure applicable to the relevant Covered Compensation is stock price or total shareholder return (or any measure derived wholly or in part from either of such measures) and (ii) the

amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the amount of Erroneously Awarded Compensation shall be determined (on a pre-tax basis) based on the Company's reasonable estimate of the effect of the Financial Restatement on the Company's stock price or total shareholder return (or the derivative measure thereof) upon which such Covered Compensation was received.

(c) For the avoidance of doubt, the Company's obligation to recover Erroneously Awarded Compensation is not dependent on (i) if or when the restated financial statements are filed or (ii) any fault of any Covered Executive for the accounting errors or other actions leading to a Financial Restatement.

(d) Notwithstanding anything to the contrary in Sections 2(a) through (c) hereof, the Company shall not be required to recover any Erroneously Awarded Compensation if both (x) the conditions set forth in either of the following clauses (i) or (ii) are satisfied and (y) the Committee (or a majority of the independent directors serving on the Board) has determined that recovery of the Erroneously Awarded Compensation would be impracticable:

- (i) the direct expense paid to a third party to assist in enforcing the recovery of the Erroneously Awarded Compensation under this Policy would exceed the amount of such Erroneously Awarded Compensation to be recovered; *provided* that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation pursuant to this Section 2(d), the Company shall have first made a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to make such recovery and provide that documentation to the Nasdaq; or
- (ii) recovery of the Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Sections 401(a)(13) or 411(a) of the U.S. Internal Revenue Code of 1986, as amended (the "Code").

(e) The Company shall not indemnify any Covered Executive, directly or indirectly, for any losses that such Covered Executive may incur in connection with the recovery of Erroneously Awarded Compensation pursuant to this Policy, including through the payment of insurance premiums or gross-up payments.

(f) The Committee shall determine, in its sole discretion, the manner and timing in which any Erroneously Awarded Compensation shall be recovered from a Covered Executive in accordance with applicable law, including, without limitation, by (i) requiring reimbursement of Covered Compensation previously paid in cash; (ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity or equity-based awards; (iii) offsetting the Erroneously Awarded Compensation amount from any compensation otherwise owed by the Company or any of its affiliates to the Covered Executive; (iv) cancelling outstanding vested or unvested equity or equity-based awards; and/or (v) taking any other remedial and recovery action permitted by applicable law. For the avoidance of doubt, except as set forth in Section 2(d), in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation; *provided* that, to the extent necessary to avoid any adverse tax consequences to the Covered Executive pursuant to Section 409A of the Code, any offsets against amounts under any nonqualified deferred compensation plans (as defined under Section 409A of the Code) shall be made in compliance with Section 409A of the Code.

3. Administration. This Policy shall be administered by the Committee. All decisions of the Committee shall be final, conclusive and binding upon the Company and the Covered Executives, their beneficiaries, executors, administrators and any other legal representative. The Committee shall have full power and authority to (i) administer and interpret this Policy; (ii) correct any defect, supply any omission and reconcile any inconsistency in this Policy; and (iii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Policy and to comply with applicable law (including Section 10D of the Exchange Act) and applicable stock market or exchange rules and regulations. Notwithstanding anything to the contrary contained herein, to the extent permitted by Section 10D of the Exchange Act and the Listing Rule, the

Board may, in its sole discretion, at any time and from time to time, administer this Policy in the same manner as the Committee.

4. Amendment/Termination. Subject to Section 10D of the Exchange Act and the Listing Rule, this Policy may be amended or terminated by the Committee at any time. To the extent that any applicable law, or stock market or exchange rules or regulations require recovery of Erroneously Awarded Compensation in circumstances in addition to those specified herein, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Erroneously Awarded Compensation to the fullest extent required by such applicable law, stock market or exchange rules and regulations. Unless otherwise required by applicable law, this Policy shall no longer be effective from and after the date that the Company no longer has a class of securities publicly listed on a United States national securities exchange.

5. Interpretation. Notwithstanding anything to the contrary herein, this Policy is intended to comply with the requirements of Section 10D of the Exchange Act and the Listing Rule (and any applicable regulations, administrative interpretations or stock market or exchange rules and regulations adopted in connection therewith). The provisions of this Policy shall be interpreted in a manner that satisfies such requirements and this Policy shall be operated accordingly. If any provision of this Policy would otherwise frustrate or conflict with this intent, the provision shall be interpreted and deemed amended so as to avoid such conflict.

6. Other Compensation Clawback/Recoupment Rights. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies, rights or requirements with respect to the clawback or recoupment of any compensation that may be available to the Company pursuant to the terms of any other recoupment or clawback policy of the Company (or any of its affiliates) that may be in effect from time to time, any provisions in any employment agreement, offer letter, equity plan, equity award agreement or similar plan or agreement, and any other legal remedies available to the Company, as well as applicable law, stock market or exchange rules, listing standards or regulations; *provided, however*, that any amounts recouped or clawed back under any other policy that would be recoupable under this Policy shall count toward any required clawback or recoupment under this Policy and vice versa.

7. Exempt Compensation. Notwithstanding anything to the contrary herein, the Company has no obligation under this Policy to seek recoupment of amounts paid to a Covered Executive which are granted, vested or earned based solely upon the occurrence or non-occurrence of nonfinancial events. Such exempt compensation includes, without limitation, base salary, time-vesting awards, compensation awarded on the basis of the achievement of metrics that are not Financial Reporting Measures or compensation awarded solely at the discretion of the Committee or the Board, *provided* that such amounts are in no way contingent on, and were not in any way granted on the basis of, the achievement of any Financial Reporting Measure performance goal.

8. Miscellaneous.

(a) Any applicable award agreement or other document setting forth the terms and conditions of any compensation covered by this Policy shall be deemed to include the restrictions imposed herein and incorporate this Policy by reference and, in the event of any inconsistency, the terms of this Policy will govern. For the avoidance of doubt, this Policy applies to all compensation that is received on or after the Effective Date, regardless of the date on which the award agreement or other document setting forth the terms and conditions of the Covered Executive's compensation became effective, including, without limitation, compensation received under the Company's 2021 Long-Term Incentive Plan and the Company's Employee Stock Purchase Plan and any successor plan to each of the foregoing.

(b) This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

(c) All issues concerning the construction, validity, enforcement and interpretation of this Policy and all related documents, including, without limitation, any employment agreement, offer letter, equity award agreement or similar agreement, shall be governed by, and construed in accordance with, the laws of the State of California, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of

California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California.

(d) The Covered Executives, their beneficiaries, executors, administrators and any other legal representative and the Company shall initially attempt to resolve all claims, disputes or controversies arising under, out of or in connection with this Policy by conducting good faith negotiations amongst themselves. To ensure the timely and economical resolution of disputes that arise in connection with this Policy, the federal and state courts sitting within the State of California shall be the sole and exclusive forums for any and all disputes, claims, or causes of action arising from or relating to the enforcement, performance or interpretation of this Policy. The Covered Executives, their beneficiaries, executors, administrators and any other legal representative and the Company, shall not commence any suit, action or other proceeding arising out of or based upon this Agreement except in the United States District Court for the Northern District of California or state courts of Santa Clara county, California, and hereby waive, and agree not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, any claim that such party is not subject to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Policy or the subject matter hereof may not be enforced in or by such courts. To the fullest extent permitted by law, the Covered Executives, their beneficiaries, executors, administrators, and any other legal representative, and the Company, shall waive (and shall hereby be deemed to have waived) the right to resolve any such dispute through a trial by jury.

(e) If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.