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310001387467aosl:YifanLiangMember2024-07-012024-12-31UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 ____________________________________FORM 10-Q ____________________________________(MARKÂ ONE) â˜’Â Â Â Â QUARTERLY REPORT PURSUANT TO SECTIONÂ 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OFÂ 1934 Â Â Â Â Â Â Â Â For the quarterly period ended December 31, 2024 OR â˜Â Â Â Â TRANSITION REPORT PURSUANT TO SECTIONÂ 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OFÂ 1934 FOR THE TRANSITION PERIOD FROM Â Â Â Â Â Â Â Â Â Â Â Â Â TO Â Â Â Â Â Â Â Â Â Â Â Â Â Commission file numberÂ 001-34717 ____________________________Alpha and Omega Semiconductor Limited (Exact name of Registrant as Specified in its Charter) Bermuda77-0553536(State or Other Jurisdiction of Incorporation or Organization)(I.R.S. Employer Identification Number)Clarendon House, 2 Church Street Hamilton HM 11, Bermuda (Address of Principal Registered Offices including Zip Code) (408)Â 830-9742 (Registrant's Telephone Number, Including Area Code) ____________________________________Indicate by check mark whether the registrant (1)Â has filed all reports required to be filed by SectionÂ 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12Â months, (or for such shorter period that the registrant was required to file such reports), and (2)Â has been subject to such filing requirements for the past 90Â days.Â Â Â Â YesÂ Â â˜’Â Â Â Â NoÂ Â â˜ Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Â§ 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).Â Â Â Â YesÂ Â â˜’Â Â Â Â Â NoÂ Â â˜ 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 definitions of â€œlarge accelerated filer,â€ â€œaccelerated filerâ€, â€œsmaller reporting companyâ€, and "emerging growth company" in RuleÂ 12b-2 of the Exchange Act. (Check one): Â Large accelerated filerâ˜’Accelerated filerâ˜Non-accelerated filerâ˜Â Â (DoÂ notÂ checkÂ ifÂ aÂ smallerÂ reportingÂ company)SmallerÂ reportingÂ companyâ˜Emerging growth companyâ˜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. â˜Title of each classTrading Symbol(s)Name of each exchange on which registeredCommon SharesAOSLThe NASDAQ Global Select MarketIndicate by check mark whether the registrant is a shell company (as defined in RuleÂ 12b-2 of the Exchange Act).Â Â Â Â YesÂ Â â˜Â Â Â NoÂ Â â˜’ Number of common shares outstanding as of January 31, 2025: 29,414,980 Alpha and Omega Semiconductor LimitedFormÂ 10-Q Fiscal Second Quarter Ended DecemberÂ 31, 2024 TABLE OF CONTENTSÂ Â Â PagePartÂ I.FINANCIAL INFORMATIONÂ Â Â Â ItemÂ 1.Financial Statements: 1Condensed Consolidated Balance Sheets as of December 31, 2024 and June 30, 2024 (Unaudited)1Condensed Consolidated Statements of Income (Loss) for the Three and Six Months Ended December 31, 2024 and 2023 (Unaudited)2Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three and Six Months Ended December 31, 2024 and 2023 (Unaudited) 3Condensed Consolidated Statements of Changes in Shareholders' Equity for the Three and Six Months Ended December 31, 2024 and 2023 (Unaudited) 4Condensed Consolidated Statements of Cash Flows for the Six Months Ended December 31, 2024 and 2023 (Unaudited) 6Notes to Condensed Consolidated Financial Statements (Unaudited) 7Â Â Â Â ItemÂ 2.Management's Discussion and Analysis of Financial Condition and Results of Operations30Â Â Â Â ItemÂ 3.Quantitative and Qualitative Disclosures About Market Risk43Â Â Â Â ItemÂ 4.Controls and Procedures43PartÂ II.OTHER INFORMATIONÂ Â Â Â ItemÂ 1.Legal Proceedings44Â Â Â Â ItemÂ 1A.Risk Factors44Â Â Â Â ItemÂ 2.Unregistered Sales of Equity Securities and Use of Proceeds45Â Â Â Â ItemÂ 3.Defaults Upon Senior Securities46Â Â Â Â ItemÂ 4.Mine Safety Disclosures46Â Â Â Â ItemÂ 5.Other Information46Â Â Â Â ItemÂ 6.Exhibits47Signatures48PART I. FINANCIAL INFORMATIONITEM 1. Financial StatementsALPHA AND OMEGA SEMICONDUCTOR LIMITEDCONDENSED CONSOLIDATED BALANCE SHEETS(Unaudited, in thousands except par value per share)Â December 31,2024June 30,2024ASSETSCurrent assets:Cash and cash equivalents$182,592Â $175,127Â Restricted cash206Â 413Â Accounts receivable, net19,879Â 12,546Â Inventories183,733Â 195,750Â Contract assets8,451Â â€”Â Other current assets15,433Â 14,165Â Total current assets410,294Â 398,001Â Property, plant and equipment, net317,793Â 336,619Â Operating lease right-of-use assets23,317Â 25,050Â Intangible assets, net1,893Â 3,516Â Equity method investment 357,941Â 356,039Â Deferred income tax assets 540Â 549Â Other long-term assets22,166Â 25,239Â Total assets$1,133,944Â $1,145,013Â LIABILITIES AND SHAREHOLDERS' EQUITYCurrent liabilities:Accounts payable$40,816Â $45,084Â Accrued liabilities71,392Â 72,371Â Payable related to equity investee, net18,137Â 13,682Â Income taxes payable2,943Â 2,798Â Short-term debt11,742Â 11,635Â Deferred revenueâ€”Â 2,591Â Finance lease liabilities970Â 935Â Operating lease liabilities5,032Â 5,137Â Total current liabilities151,032Â 154,233Â Long-term debt20,826Â 26,724Â Income taxes payable - long-term3,724Â 3,591Â Deferred income tax liabilities26,754Â 26,416Â Finance lease liabilities - long-term1,787Â 2,282Â Operating lease liabilities - long-term18,851Â 20,499Â Other long-term liabilities8,390Â 19,661Â Total liabilities231,364Â 253,406Â Commitments and contingencies (Note 12)Shareholders' Equity:Preferred shares, par value $0.002 per share:Authorized: 10,000 shares; issued and outstanding: none at DecemberÂ 31, 2024 and JuneÂ 30,Â 2024â€”Â â€”Â Common shares, par value $0.002 per share:Authorized: 100,000 shares; issued and outstanding: 36,367 shares and 29,232 shares, respectively at DecemberÂ 31, 2024 and 36,107 shares and 28,969 shares, respectively at June 30, 202473Â 72Â Treasury shares at cost: 7,135 shares at DecemberÂ 31, 2024 and 7,138 shares at June 30, 2024(79,192)(79,213)Additional paid-in capital370,494Â 353,109Â Accumulated other comprehensive loss(10,722)(13,419)Retained earnings621,927Â 631,058Â Total shareholders' equity902,580Â 891,607Â Total liabilities and shareholders' equity$1,133,944Â $1,145,013Â See accompanying notes to these condensed consolidated financial statements. 1Table of ContentsALPHA AND OMEGA SEMICONDUCTOR LIMITEDCONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)(Unaudited, in thousands except per share data) Three Months Ended December 31,Â Six Months Ended December 31,Â 2024202320242023Revenue $173,156Â $165,285Â $355,043Â $345,918Â Cost of goods sold 1133,145Â 121,284Â 270,506Â 250,992Â Gross profit40,011Â 44,001Â 84,537Â 94,926Â Operating expensesResearch and development23,968Â 22,919Â 46,446Â 45,032Â Selling, general and administrative21,951Â 22,216Â 44,251Â 41,647Â Total operating expenses45,919Â 45,135Â 90,697Â 86,679Â Operating income (loss)(5,908)(1,134)(6,160)8,247Â Other income (loss), net663Â (472)13Â (446)Interest income1,135Â 1,323Â 2,400Â 2,644Â Interest expenses(701)(1,049)(1,513)(2,141)Net income (loss) before income taxes and loss from equity method investment(4,811)(1,332)(5,260)8,304Â Income tax expense 1,242Â 894Â 2,282Â 2,032Â Net income (loss) before loss from equity method investment(6,053)(2,226)(7,542)6,272Â Equity method investment loss from equity investee(561)(697)(1,568)(3,409)Net income (loss)$(6,614)$(2,923)$(9,110)$2,863Â Net income (loss) per common share Basic(0.23)(0.10)(0.31)0.10Â Diluted(0.23)(0.10)(0.31)0.10Â Weighted average number of common shares used to compute net income (loss) per shareBasic29,163Â 27,939Â 29,083Â 27,816Â Diluted29,163Â 27,939Â 29,083Â 29,830Â (1) - Amounts include related party transactions. Refer to footnote 3, Related Party Transaction.See accompanying notes to these condensed consolidated financial statements. 2Table of ContentsALPHA AND OMEGA SEMICONDUCTOR LIMITEDCONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)(Unaudited, in thousands) Three Months Ended December 31,Â Six Months Ended December 31,2024202320242023Net income (loss)$(6,614)$(2,923)$(9,110)$2,863Â Other comprehensive income (loss), net of taxForeign currency translation adjustments, net of $(628) and $157 tax in each of the three months ended December 31, 2024 and 2023, respectively, and $(525) and $1,069 tax in each of the six months ended December 31, 2024 and 2023, respectively2,856Â (419)2,697Â (5,826)Comprehensive loss$(3,758)$(3,342)$(6,413)$(2,963) See accompanying notes to these condensed consolidated financial statements.3ALPHA AND OMEGA SEMICONDUCTOR LIMITEDCONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY(Unaudited, in thousands) Common SharesTreasury 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Comprehensive LossRetained EarningsTotal Shareholders' EquitySharesAmountSharesAmountBalance, June 30, 202334,811Â $70Â (7,157)$(79,365)$329,034Â $(8,111)$642,291Â $883,919Â Exercise of common stock options and release of restricted stock units238Â â€”Â â€”Â â€”Â 1,172Â â€”Â â€”Â 1,172Â Reissuance of treasury stock upon exercise of common stock options and release of RSUsâ€”Â â€”Â 3Â 22Â â€”Â â€”Â (22)â€”Â Withholding tax on restricted stock units(21)â€”Â â€”Â â€”Â (602)â€”Â â€”Â (602)Issuance of shares under ESPP177Â â€”Â â€”Â â€”Â 3,423Â â€”Â â€”Â 3,423Â Share-based compensationâ€”Â â€”Â â€”Â â€”Â 9,609Â â€”Â â€”Â 9,609Â Net incomeâ€”Â â€”Â â€”Â â€”Â â€”Â â€”Â 2,863Â 2,863Â Foreign currency translation adjustment, net of taxâ€”Â â€”Â â€”Â â€”Â â€”Â (5,826)â€”Â (5,826)Balance, December 31, 202335,205Â $70Â (7,154)$(79,343)$342,636Â $(13,937)$645,132Â $894,558Â See accompanying notes to these condensed consolidated financial statements.4ALPHA AND OMEGA SEMICONDUCTOR LIMITEDCONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY(Unaudited, in thousands) Common SharesTreasury SharesAdditional Paid-In CapitalAccumulated Other Comprehensive LossRetained EarningsTotal Shareholders' EquitySharesAmountSharesAmountBalance, September 30, 202436,162Â $72Â (7,138)$(79,213)$359,429Â $(13,578)$628,562Â $895,272Â Exercise of common stock options and release of restricted stock units36Â â€”Â â€”Â â€”Â 0Â â€”Â â€”Â 0Â Reissuance of treasury stock upon release of RSUsâ€”Â â€”Â 3Â 21Â â€”Â â€”Â (21)â€”Â Withholding tax on restricted stock units(8)â€”Â â€”Â â€”Â (305)â€”Â â€”Â (305)Issuance of shares under ESPP177Â 1Â â€”Â 3,420Â â€”Â â€”Â 3,421Â Share-based compensationâ€”Â â€”Â â€”Â â€”Â 7,950Â â€”Â â€”Â 7,950Â Net lossâ€”Â â€”Â â€”Â â€”Â â€”Â â€”Â (6,614)(6,614)Foreign currency translation adjustment, net of taxâ€”Â â€”Â â€”Â â€”Â â€”Â 2,856Â â€”Â 2,856Â Balance, December 31, 202436,367Â $73Â (7,135)$(79,192)$370,494Â $(10,722)$621,927Â $902,580Â Common SharesTreasury SharesAdditional Paid-In CapitalAccumulated Other Comprehensive LossRetained EarningsTotal Shareholders' EquitySharesAmountSharesAmountBalance, June 30, 202436,107Â $72Â (7,138)$(79,213)$353,109Â $(13,419)$631,058Â $891,607Â Exercise of common stock options and release of restricted stock units109Â â€”Â â€”Â â€”Â 91Â â€”Â â€”Â 91Â Reissuance of treasury stock upon release of RSUsâ€”Â â€”Â 3Â 21Â â€”Â â€”Â (21)â€”Â Withholding tax on restricted stock units(26)â€”Â â€”Â â€”Â (978)â€”Â â€”Â (978)Issuance of shares under ESPP177Â 1Â â€”Â â€”Â 3,420Â â€”Â â€”Â 3,421Â Share-based compensationâ€”Â â€”Â â€”Â â€”Â 14,852Â â€”Â â€”Â 14,852Â Net lossâ€”Â â€”Â â€”Â â€”Â â€”Â â€”Â (9,110)(9,110)Foreign currency translation adjustment, net of taxâ€”Â â€”Â â€”Â â€”Â â€”Â 2,697Â â€”Â 2,697Â Balance, December 31, 202436,367Â $73Â (7,135)$(79,192)$370,494Â $(10,722)$621,927Â $902,580Â See accompanying notes to these condensed consolidated financial statements.5Table of ContentsALPHA AND OMEGA SEMICONDUCTOR LIMITEDCONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited, in thousands) Â Six Months Ended December 31,20242023Cash flows from operating activitiesNet income (loss)$(9,110)$2,863Â Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:Depreciation and amortization28,690Â 26,524Â Loss from equity investment1,568Â 3,409Â Share-based compensation expense14,852Â 9,609Â Deferred income taxes, net346Â (880)Loss on disposal of property and equipment67Â 42Â Impairment of privately-held investment100Â â€”Â Changes in operating assets and liabilitiesAccounts receivable(7,333)(9,504)Inventories12,017Â (8,462)Contract assets(8,451)â€”Â Other current and long-term assets2,500Â (10,688)Accounts payable(1,896)(3,206)Net payable, equity investee4,455Â 1,015Â Income taxes payable277Â (759)Deferred revenue(2,591)(4,358)Accrued and other liabilities(10,365)(15,233)Net cash provided by (used in) operating activities25,126Â (9,628)Cash flows from investing activitiesPurchases of property and equipment (14,420)(22,030)Proceeds from sale of property and equipmentâ€”Â 150Â Government grant related to equipment320Â 449Â Net cash used in investing activities(14,100)(21,431)Cash flows from financing activitiesWithholding tax on restricted stock units(978)(602)Proceeds from exercise of stock options and ESPP 3,512Â 4,595Â Repayments of borrowings(5,807)(5,713)Principal payments on finance leases(459)(426)Net cash used in financing activities(3,732)(2,146)Effect of exchange rate changes on cash, cash equivalents and restricted cash(36)80Â Net increase (decrease) in cash, cash equivalents and restricted cash7,258Â (33,125)Cash, cash equivalents and restricted cash at beginning of period175,540Â 195,603Â Cash, cash equivalents and restricted cash at end of period$182,798Â $162,478Â Supplemental disclosures of non-cash investing and financing information:Property and equipment purchased but not yet paid $3,738Â $4,127Â Reconciliation of cash, cash equivalents, and restricted cash:Cash and cash equivalents$182,592Â $162,266Â Restricted cash206Â 212Â Total cash, cash equivalents, and restricted cash$182,798Â $162,478Â See accompanying notes to these condensed consolidated financial statements. 6ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) 1. The Company and Significant Accounting PoliciesThe CompanyAlpha and Omega Semiconductor Limited and its subsidiaries (the â€œCompanyâ€, â€œAOSâ€, â€œweâ€ or â€œusâ€) design, develop and supply a broad range of power semiconductors. The Company's portfolio of products targets high-volume applications, including personal and portable computers, graphic cards, flat panel TVs, home appliances, smart phones, battery packs, quick chargers, home appliances, consumer and industrial motor controls and power supplies for TVs, computers, servers and telecommunications equipment. The Company conducts its operations primarily in the United States of America (â€œUSAâ€), Hong Kong, China, and South Korea.Basis of PreparationThe accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (â€œU.S. GAAPâ€) for interim financial information and with the instructions to Article 10 of Securities and Exchange Commission Regulation S-X, as amended. They do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with U.S. GAAP for complete financial statements. These Condensed Consolidated Financial Statements should be read in conjunction with the consolidated financial statements and related notes contained in the Companyâ€™s Annual Report on Form 10-K for the fiscal year ended JuneÂ 30, 2024. All significant intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, all adjustments (consisting of normal recurring adjustments and accruals) considered necessary for a fair presentation of the results of operations for the periods presented have been included in the interim periods. Operating results for the six months ended December 31, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending JuneÂ 30, 2025 or any other interim period. The consolidated balance sheet at JuneÂ 30, 2024 is derived from the audited financial statements included in the Companyâ€™s Annual Report on Form 10-K for the fiscal year ended JuneÂ 30, 2024.Use of EstimatesThe preparation of the consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. To the extent there are material differences between these estimates and actual results, the consolidated financial statements will be affected. On an ongoing basis, the Company evaluates the estimates, judgments and assumptions including those related to stock rotation returns, price adjustments, inventory reserves, income taxes, leases, share-based compensation, recoverability of and useful lives for property, plant and equipment and intangible assets.Revenue recognitionThe Company determines revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, a performance obligation is satisfied. The Company recognizes product revenue at a point in time when product is shipped to the customer, as determined by the agreed upon shipping terms, net of estimated stock rotation returns and price adjustments that it expects to provide to certain distributors. The Company presents revenue net of sales taxes and any similar assessments. Our standard payment terms range from 30 to 60 days.The Company sells its products primarily to distributors, who in turn sell the products globally to various end customers. The Company allows stock rotation returns from certain distributors. Stock rotation returns are governed by contract and are limited to a specified percentage of the monetary value of products purchased by distributors during a specified period. The Company records an allowance for stock rotation returns based on historical returns, expected sales volumes and individual distributor agreements. The Company also provides special pricing to certain distributors, primarily based on volume, to encourage resale of the Companyâ€™s products. Allowance for price adjustments is recorded against accounts receivable and the provision for stock rotation rights is included in accrued liabilities on the consolidated balance sheets. 7ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)The Companyâ€™s performance obligations relate to contracts with a duration of less than one year. The Company elected to apply the practical expedient provided in ASC 606, â€œRevenue from Contracts with Customersâ€. Therefore, the Company is not required to disclose the aggregate amount of transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Company recognizes the incremental direct costs of obtaining a contract, which consist of sales commissions, when control over the products they relate to transfers to the customer. Applying the practical expedient, the Company recognizes commissions as expense when incurred, as the amortization period of the commission asset the Company would have otherwise recognized is less than one year. Packaging and testing services revenue is recognized at a point in time upon shipment of serviced products to the customer. License and Development Revenue Recognition In February 2023, the Company entered into a license agreement with a customer, pursuant to which the Company agreed to license its proprietary Silicon Carbide (SiC) technology to the customer and engineering and development services for 24 months for a total fee of $45.0Â million, consisting of an upfront fee and various milestone payments over the 24 months. In addition, the Company also entered into an accompanying supply agreement to provide limited wafer supply to the customer. The license and development fee is determined to be one performance obligation and is recognized over the 24 months during which the Company performs the engineering and development services. The Company uses the input method to measure progress and recognize revenue, based on the effort expended relative to the estimated total effort to satisfy the performance obligation. The Company recognizes a contract liability when payments are in excess of revenue recognized, which is presented as deferred revenue on the balance sheet. When the Companyâ€™s performance under the contract precedes its receipt of consideration from the customer, and the receipt of consideration is conditional upon factors other than the passage of time, a contract asset is recorded. During the six months ended December 31, 2024, the Company recorded license and development revenue of $2.6Â million that was previously included in the deferred revenue balance as of June 30, 2024. During the six months ended December 31, 2024, the Company recognized license and development revenue of $8.5Â million that precedes its receipt of payments, resulting in a balance of $8.5Â million of contract assets as of December 31, 2024. As of December 31, 2024, the Company had recorded a total of $42.2Â million of license and development revenue.During the three and six months ended December 31, 2024, the Company recorded license and development revenue of $5.4Â million and $11.0Â million, respectively. During the three and six months ended December 31, 2023, the Company recorded license and development revenue of $5.5Â million and $11.1Â million, respectively. Restricted CashThe Company maintains restricted cash in connection with cash balances temporarily restricted by the local custom authority for regular business operations. These balances have been excluded from the Companyâ€™s cash and cash equivalents balance and are classified as restricted cash in the Condensed Consolidated Balance Sheets. As of DecemberÂ 31, 2024 and JuneÂ 30, 2024, the amount of restricted cash was $0.2Â million and $0.4Â million, respectively. 8ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)Equity method investmentOn March 29, 2016, the Company entered into a joint venture contract (the â€œJV Agreementâ€) with two investment funds owned by the Municipality of Chongqing (the â€œChongqing Fundsâ€), pursuant to which the Company and the Chongqing Funds formed a joint venture (the â€œJV Companyâ€).The Company uses the equity method of accounting when it has the ability to exercise significant influence, but not control, as determined in accordance with generally accepted accounting principles, over the operating and financial policies of the investee. Effective December 1, 2021, the Company reduced its equity interest in the JV Company and no longer controlled the JV Company. As a result, beginning December 2, 2021, the Company recorded its investment under the equity method of accounting. Since the Company is unable to obtain accurate financial information from the JV Company in a timely manner, the Company records its share of earnings or losses of such affiliate on a one quarter lag. The Company discloses and recognizes intervening events at the JV Company in the lag period that could materially affect its consolidated financial statements, if applicable.The Company records its interest in the net earnings of the equity method investee, along with adjustments for unrealized profits or losses on intra-entity transactions and amortization of basis differences, within earnings or loss from equity interests in the Condensed Consolidated Statements of Income (Loss). Profits or losses related to intra-entity sales with the equity method investee are eliminated until realized by the investor and investee. Basis differences represent differences between the cost of the investment and the underlying equity in net assets of the investment and are generally amortized over the lives of the related assets that gave rise to them. Equity method goodwill is not amortized or tested for impairment; instead the equity method investment is tested for impairment. The Company reviews for impairment whenever factors indicate that the carrying amount of the investment is determined to be other than temporary. In such a case, the decrease in value is recognized in the period the impairment occurs in the Condensed Consolidated Statements of Income (Loss).Accounting for income taxes Income tax expense or benefit is based on income or loss before income taxes. The Companyâ€™s interim period tax provision for (or benefit from) income taxes is determined using an estimate of its annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, the Company updates its estimate of the annual effective tax rate, and if the estimated annual effective tax rate changes, the Company makes a cumulative adjustment in such period. The Companyâ€™s quarterly tax provision and estimate of its annual effective tax rate are subject to variation due to several factors, including variability in forecasting its pre-tax income or loss and the mix of jurisdictions to which they relate, and changes in how the Company does business. Deferred tax assets and liabilities are recognized principally for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts.The Company is subject to income taxes in a number of jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company establishes accruals for certain tax contingencies based on estimates of whether additional taxes may be due. While the final tax outcome of these matters may differ from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.The Company is subject to income tax expense or benefit based upon pre-tax income or loss reported in the Condensed Consolidated Statements of Income (Loss) and the provisions of currently enacted tax laws. The parent company is incorporated under the laws of Bermuda and is subject to Bermuda law with respect to taxation. Under current Bermuda law, the Company is not subject to any income or capital gains taxes in Bermuda. As we have previously disclosed, the Government of Bermuda announced in December 2023 that it enacted the Corporate Income Tax Act 2023, potentially imposing a 15% corporate income tax (CIT) on Bermuda companies that are within the scope of the CIT, that will be effective for tax years beginning on or after January 1, 2025. In particular, the CIT applies to multinational companies with annual revenue of 750 million euros or more in the consolidated financial statements of the ultimate parent entity for at least two of the four fiscal years immediately preceding the fiscal year when the CIT may apply.The Company is not in a position to determine whether the annual revenues may meet and/or cross the 750 million Euro threshold for at least two of the four fiscal years immediately preceding the fiscal year when CIT may apply. The Company 9ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)continues to monitor and assess if and when it may be within the scope of the CIT. If we become subject to the Bermuda CIT, we may be subject to additional income taxes, which may adversely affect our financial position, results of operations and our overall business.Significant management judgment is also required in determining whether deferred tax assets will be realized in full or in part. When it is more likely than not that all or some portion of specific deferred tax assets such as net operating losses or research and development tax credit carryforwards will not be realized, a valuation allowance must be established for the amount of the deferred tax assets that cannot be realized. The Company considers all available positive and negative evidence on a jurisdiction-by-jurisdiction basis when assessing whether it is more likely than not that deferred tax assets are recoverable. The Company considers evidence such as our past operating results, the existence of cumulative losses in recent years and our forecast of future taxable income.The Financial Accounting Standards Board (FASB), issued guidance which clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely to be realized upon ultimate settlement. Although the guidance on the accounting for uncertainty in income taxes prescribes the use of a recognition and measurement model, the determination of whether an uncertain tax position has met those thresholds will continue to require significant judgment by management. If the ultimate resolution of tax uncertainties is different from what is currently estimated, a material impact on income tax expense could result.The Company's provision for income taxes is subject to volatility and could be adversely impacted by changes in earnings or tax laws and regulations in various jurisdictions. The Company is subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. The Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of changes to reserves, as well as the related net interest and penalties.Comprehensive Income (Loss) Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The Companyâ€™s accumulated other comprehensive income (loss) consists of cumulative foreign currency translation adjustments. Total comprehensive income (loss) is presented in the condensed consolidated statements of comprehensive Income (loss). Recent Accounting PronouncementsÂ Â Â Â Recently Adopted Accounting StandardsNoneRecently Issued Accounting Standards not yet adoptedIn November 2023, the FASB issued ASU No. 2023-07, â€œSegment Reporting (Topic 280) â€“ Improvements to Reportable Segment Disclosuresâ€, which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU also expands disclosure requirements to enable users of financial statements to better understand the entityâ€™s measurement and assessment of segment performance and resource allocation. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company plans to adopt the ASU in the fourth quarter of fiscal year 2025 and is currently evaluating the impact of the ASU on its disclosure within the consolidated financial statements.In December 2023, the FASB issued ASU No. 2023-09, â€œIncome Taxes (Topic 740) â€“ Improvements to Income Tax Disclosuresâ€, which enhances the transparency, effectiveness and comparability of income tax disclosures by requiring consistent categories and greater disaggregation of information related to income tax rate reconciliations and the jurisdictions in 10ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)which income taxes are paid. This guidance is effective for annual periods beginning after December 15, 2024 with early adoption permitted. The Company is currently evaluating the impact of the ASU on its income tax disclosures within the consolidated financial statements.In November 2024, the FASB issued ASU No. 2024-03, â€œIncome Statement â€“ Reporting Comprehensive Income â€“ Expense Disaggregation Disclosuresâ€, which improves disclosure requirements and provides more detailed information about an entityâ€™s expenses, specifically amounts related to purchases of inventory, employee compensation, depreciation, intangible asset amortization, and selling expenses, along with qualitative descriptions of certain other types of expenses. This guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of the ASU on its consolidated financial statements.11ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)2. Equity Method Investment in Equity InvesteeOn March 29, 2016, the Company entered into the JV Agreement to form a joint venture, (the â€œJV Companyâ€) for the purpose of constructing and operating a power semiconductor packaging, testing and 12-inch wafer fabrication facility in the Liangjiang New Area of Chongqing, China (the â€œJV Transactionâ€). Prior to December 1, 2021, the JV Company was accounted for as a consolidated subsidiary since the Company had controlling financial interest. As of December 2, 2021, the Company ceased having control over the JV Company. Therefore, the Company deconsolidated the JV Company as of that date. Subsequently, the Company has accounted for its investment in the JV Company using the equity method of accounting. As of December 31, 2024, the percentage of outstanding JV equity interest beneficially owned by the Company was 42.8%.In the past three years, the Company has been reducing its equity ownership of the JV Company to increase the flexibility of the JV Company to raise capital to fund its future expansion. On December 30, 2024, the JV Company signed an investment agreement with an investor, pursuant to which the investor agreed to invest RMB 500Â million (or $68.5Â million based on currency exchange rate between RMB and U.S. Dollar on December 31, 2024) in the JV Company. The funding of the investment will be made in three installments. The JV Company received the first installment of RMB 40Â million (or $5.5Â million) on December 31, 2024. The remaining installments are expected to be paid by July 31, 2025. This transaction was considered as closed when the JV Company completed the registration of the issuance of equity interest to the investor with the local government authority on January 15, 2025, at which time, the percentage of outstanding JV Companyâ€™s equity interest owned by the Company was reduced to approximately 39.2%.The Company accounts for its investment in the JV Company as an equity method investment and reports its equity in earnings or loss of the JV Company on a three-month lag due to an inability to timely obtain financial information of the JV Company. During the three and six months ended December 31, 2024, the Company recorded a $0.6 million loss and $1.6 million loss of its equity share of the JV Company, respectively, using lag reporting. During the three and six months ended December 31, 2023, the Company recorded a $0.7 million loss and $3.4 million loss, respectively, of its equity share of the JV Company, respectively, using lag reporting. 12ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)3. Related Party TransactionsAs of DecemberÂ 31, 2024, the Company owned a 42.8% equity interest in the JV Company, which, by definition, is a related party to the Company. The JV Company supplies 12-inch wafers and provides assembly and testing services to AOS. AOS previously sold 8-inch wafers to the JV Company for further assembly and testing services until January 1, 2023, when it changed to consigning the 8-inch wafers to the JV Company. Due to the right of offset of receivables and payables with the JV Company, as of DecemberÂ 31, 2024, AOS recorded the net amount of $18.1Â million as payable related to equity investee, net, in the Condensed Consolidated Balance Sheet. The purchases by AOS for the three and six months ended December 31, 2024 were $28.2Â million and $56.5Â million, respectively, and the sales by AOS for the three and six months ended December 31, 2024 were $3.1Â million and $5.3Â million, respectively. The purchases by AOS for the three and six months ended December 31, 2023 were $28.6Â million and $58.4Â million, respectively, and the sales by AOS for the three and six months ended December 31, 2023 were $3.0Â million and $3.7Â million, respectively.13ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)4. Net Income (Loss) Per Common ShareThe following table presents the calculation of basic and diluted net income (loss) per share attributable to common shareholders:Â Three Months Ended December 31,Â Six Months Ended December 31,Â 2024202320242023(in thousands, except per share data)Numerator:Net income (loss)$(6,614)$(2,923)$(9,110)$2,863Â Denominator:Basic:Weighted average number of common shares used to compute basic net income (loss) per share29,163Â 27,939Â 29,083Â 27,816Â Diluted:Weighted average number of common shares used to compute basic net income (loss) per share29,163Â 27,939Â 29,083Â 27,816Â Effect of potentially dilutive securities:Stock options, RSUs and ESPP sharesâ€”Â â€”Â â€”Â 2,014Â Weighted average number of common shares used to compute diluted net income (loss) per share29,163Â 27,939Â 29,083Â 29,830Â Net income (loss) per common share:Basic(0.23)(0.10)(0.31)0.10Â Diluted(0.23)(0.10)(0.31)0.10Â The following potential dilutive securities were excluded from the computation of diluted net income (loss) per common share as their effect would have been anti-dilutive:Â Three Months Ended December 31,Â Six Months Ended December 31,Â 2024202320242023(in thousands)(in thousands)Employee stock options and RSUs2,573Â 1,984Â 2,578Â 90Â ESPP729Â 1,229Â 716Â 324Â Total potential dilutive securities3,302Â 3,213Â 3,294Â 414Â 14ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)5. Concentration of Credit Risk and Significant Customers The Company manages its credit risk associated with exposure to distributors and direct customers on outstanding accounts receivable through the application and review of credit approvals, credit ratings and other monitoring procedures. In some instances, the Company also obtains letters of credit from certain customers. Credit sales, which are mainly on credit terms of 30 to 60 days, are only made to customers who meet the Companyâ€™s credit requirements, while sales to new customers or customers with low credit ratings are usually made on an advance payment basis. The Company considers its trade accounts receivable to be of good credit quality because its key distributors and direct customers have long-standing business relationships with the Company and the Company has not experienced any significant bad debt write-offs of accounts receivable in the past. The Company closely monitors the aging of accounts receivable from its distributors and direct customers, and regularly reviews their financial positions, where available.Summarized below are individual customers whose revenue or accounts receivable balances were 10% or higher than the respective total consolidated amounts:Three Months Ended December 31,Â Six Months Ended December 31,Percentage of revenue2024202320242023Customer A21.0Â %29.3Â %21.8Â %26.5Â %Customer B52.7Â %41.3Â %52.1Â %44.1Â %Â December 31,2024June 30,2024Percentage of accounts receivableCustomer A 10.4Â %*Customer B 32.7Â %*Customer C *33.4Â %Customer D10.4Â %33.4Â %Customer E10.6Â %** Less than 10%15ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS (Unaudited)6. Balance Sheet Components Accounts receivable, net: Â December 31,2024June 30,2024(in thousands)Accounts receivable$67,003Â $54,265Â Less: Allowance for price adjustments(47,094)(41,689)Less: Allowance for credit losses(30)(30)Accounts receivable, net$19,879Â $12,546Â Inventories: Â December 31,2024June 30,2024(in thousands)Raw materials$79,703Â $78,064Â Work-in-process83,729Â 87,898Â Finished goods20,301Â 29,788Â Â $183,733Â $195,750Â Other current assets: December 31,2024June 30,2024(in thousands)Value-added tax receivable$370Â $304Â Other prepaid expenses2,614Â 1,822Â Prepaid insurance2,534Â 4,623Â Prepaid maintenance1,605Â 2,195Â Prepayment to supplier5,149Â 1,301Â Prepaid income tax1,058Â 819Â Interest receivable339Â 383Â Short term deposit261Â 21Â Other receivables1,503Â 2,697Â $15,433Â $14,165Â 16ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)Property, plant and equipment, net: Â December 31,2024June 30,2024(in thousands)Land$4,877Â $4,877Â Building and building improvements71,638Â 71,266Â Manufacturing machinery and equipment427,359Â 423,960Â Equipment and tooling35,678Â 36,203Â Computer equipment and software52,720Â 53,081Â Office furniture and equipment3,256Â 3,193Â Leasehold improvements42,967Â 41,671Â Â 638,495Â 634,251Â Less: accumulated depreciation and amortization(344,695)(320,751)Â 293,800Â 313,500Â Equipment and construction in progress23,993Â 23,119Â Property, plant and equipment, net$317,793Â $336,619Â Intangible assets, net:December 31,2024June 30,2024(in thousands)Patents and technology rights$18,037Â $18,037Â Trade name268Â 268Â Customer relationships1,150Â 1,150Â 19,455Â 19,455Â Less: accumulated amortization(17,831)(16,208)1,624Â 3,247Â Goodwill269Â 269Â Intangible assets, net$1,893Â $3,516Â Future amortization expense of intangible assets is as follows (in thousands):Year ending June 30,2025 (Remaining)$1,624Â 17ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)Other long-term assets:December 31,2024June 30,2024(in thousands)Prepayments for property and equipment$1,570Â $620Â Investment in a privately held companyâ€"Â 100Â Customs deposit597Â 652Â Deposit with supplier18,221Â 22,117Â Office leases deposits1,283Â 1,418Â Other495Â 332Â Â $22,166Â $25,239Â Accrued liabilities: December 31,2024June 30,2024(in thousands)Accrued compensation and benefits$20,593Â $14,945Â Warranty accrual1,960Â 2,407Â Stock rotation accrual4,138Â 4,660Â Accrued professional fees2,464Â 3,198Â Accrued inventory2,237Â 728Â Accrued facilities related expenses2,462Â 2,137Â Accrued property, plant and equipment4,043Â 6,986Â Other accrued expenses4,764Â 3,822Â Customer deposits27,370Â 32,182Â ESPP payable1,361Â 1,306Â Â $71,392Â $72,371Â Short-term customer deposits are payments received from customers for securing future product shipments. As of DecemberÂ 31, 2024, $9.0Â million for such deposits were from Customer A, $4.5Â million were from Customer B, and $13.9Â million were from other customers. As of June 30, 2024, $9.0Â million were from Customer A, $8.9Â million were from Customer B, and $14.3Â million were from other customers.The activities in the warranty accrual, included in accrued liabilities, are as follows:Â Six Months Ended December 31,20242023(in thousands)Beginning balance$2,407Â $1,674Â Additions 656Â 643Â Released(700)â€"Â Utilization(403)(165)Ending balance$1,960Â $2,152Â 18ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)The activities in the stock rotation accrual, included in accrued liabilities, are as follows:Â Six Months Ended December 31,20242023(in thousands)Beginning balance$4,660Â $5,588Â Additions4,709Â 5,504Â Utilization(5,231)(5,634)Ending balance$4,138Â $5,458Â Other long-term liabilities: Â December 31,2024June 30,2024(in thousands)Customer deposits$8,000Â $19,661Â Computer software liabilities390Â â€"Â Other long-term liabilities$8,390Â $19,661Â Customer deposits are payments received from customers for securing future product shipments. As of DecemberÂ 31, 2024, $5.0Â million for such deposits were from Customer A, $1.0Â million were from Customer B, and $2.0Â million were from other customers. As of JuneÂ 30, 2024, $12.0Â million were from Customer A, $2.0Â million were from Customer B, and $5.7Â million were from other customers.19ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)7. Bank Borrowings Short-term borrowingsIn March 2024, Bank of Communications Limited in China provided a line of credit facility to one of the Companyâ€™s subsidiaries in China. The purpose of the credit facility is to provide working capital borrowings. The Company could borrow up to approximately RMB 140Â million or $19.2Â million based on currency exchange rate between RMB and U.S. Dollar on DecemberÂ 31, 2024 with a maturity date of March 15, 2025. As of DecemberÂ 31, 2024, there was no outstanding balance for this loan.In December 2023, Industrial and Commercial Bank of China provided a line of credit facility to one of the Companyâ€™s subsidiaries in China. The purpose of the credit facility was to provide working capital borrowings. The Company could borrow up to approximately RMB 72.0Â million, or $9.9Â million based on currency exchange rate between RMB and U.S. Dollar on DecemberÂ 31, 2024, with a maturity date of December 31, 2024. As of DecemberÂ 31, 2024, there was no outstanding balance for this loan and this loan expired.In September 2023, China Construction Bank provided a line of credit facility to one of the Companyâ€™s subsidiaries inChina. The purpose of the credit facility is to provide working capital borrowings. The Company could borrow up to approximately RMB 50Â million or $6.9Â million based on currency exchange rate between RMB and U.S. Dollar on DecemberÂ 31, 2024 with a maturity date of September 8, 2025. As of DecemberÂ 31, 2024, there was no outstanding balance for this loan.Accounts Receivable Factoring AgreementOn August 9, 2019, one of the Companyâ€™s wholly-owned subsidiaries (the â€œBorrowerâ€) entered into a factoring agreement with Hongkong and Shanghai Banking Corporation Limited (â€œHSBCâ€), whereby the Borrower assigns certain of its accounts receivable with recourse. This factoring agreement allows the Borrower to borrow up to 70% of the net amount of its eligible accounts receivable of the Borrower with a maximum amount of $30.0 million. The interest rate is based on the Secured Overnight Financing Rate (â€œSOFRâ€), plus 2.01% per annum. The Company is the guarantor for this agreement. The Company is accounting for this transaction as a secured borrowing. In addition, any cash held in the restricted bank account controlled by HSBC has a legal right of offset against the borrowing. This agreement, with certain financial covenants required, has no expiration date. On August 11, 2021, the Borrower signed an agreement with HSBC to reduce the borrowing maximum amount to $8.0Â million with certain financial covenants required. Other terms remain the same. As of DecemberÂ 31, 2024, the Borrower was in compliance with these covenants. As of DecemberÂ 31, 2024, there was no outstanding balance and the Company had unused credit of approximately $8.0 million. Debt financingIn September 2021, Jireh Semiconductor Incorporated (â€œJirehâ€), one of the wholly-owned subsidiaries, entered into a financing arrangement agreement with a company (â€œLenderâ€) for the lease and purchase of a machinery equipment manufactured by a supplier. This agreement has a 5 years term, after which Jireh has the option to purchase the equipment for $1. The implied interest rate was 4.75% per annum which was adjustable based on every five basis point increase in 60-month U.S. Treasury Notes, until the final installation and acceptance of the equipment. The total purchase price of this equipment was euro 12.0Â million. In April 2021, Jireh made a down payment of euro 6.0Â million, representing 50% of the total purchase price of the equipment, to the supplier. In June 2022, the equipment was delivered to Jireh after Lender paid 40% of the total purchase price, for euro 4.8Â million, to the supplier on behalf of Jireh. In September 2022, Lender paid the remaining 10% payment for the total purchase price and reimbursed Jireh for the 50% down payment, after the installation and configuration of the equipment. The title of the equipment was transferred to Lender following such payment. The agreement was amended with fixed implied interest rate of 7.51% and monthly payment of principal and interest effective in October 2022. Other terms remain the same. In addition, Jireh purchased hardware for the machine under this financing arrangement. The purchase price of this hardware was $0.2Â million. The financing arrangement is secured by this equipment and other equipment which had the net book value of $12.8Â million as of DecemberÂ 31, 2024. As of DecemberÂ 31, 2024, the outstanding balance of this debt financing was $7.9Â million. Long-term bank borrowingsOn August 18, 2021, Jireh entered into a term loan agreement with a financial institution (the â€œBankâ€) in an amount up to $45.0Â million for the purpose of expanding and upgrading the Companyâ€™s fabrication facility located in Oregon. The obligation 20ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)under the loan agreement is secured by substantially all assets of Jireh and guaranteed by the Company. The agreement has a 5.5 year term and matures on February 16, 2027. Jireh is required to make consecutive quarterly payments of principal and interest. The loan accrues interest based on adjusted SOFR plus the applicable margin based on the outstanding balance of the loan. This agreement contains customary restrictive covenants and includes certain financial covenants that the Company is required to maintain. Jireh drew down $45.0Â million on February 16, 2022 with the first payment of principal beginning in October 2022. As of DecemberÂ 31, 2024, Jireh was in compliance with these covenants and the outstanding balance of this loan was $24.7 million.Maturities of short-term debt and long-term debt were as follows (in thousands):Year ending June 30,2025 (Remaining)$5,857Â 202611,871Â 202714,344Â 2028536Â Total principal32,608Â Less: debt issuance costs(40)Total principal, less debt issuance costs$32,568Â Short-term DebtLong-term DebtTotalPrincipal amount$11,765Â $20,843Â $32,608Â Less: debt issuance costs(23)(17)(40)Total debt, less debt issuance costs$11,742Â $20,826Â $32,568Â 8. Leases The Company evaluates contracts for lease accounting at contract inception and assesses lease classification at the lease commencement date. The finance lease is related to the $5.1Â million of a machinery lease financing with a vendor. In September 2022, the lease was amended to make a monthly payment of principal and interest as a fixed amount effective in October 2022. Other terms remain the same. The amendment was accounted for as a debt modification and no gain or loss was recognized. The Company does not record leases on the Condensed Consolidated Balance Sheets with a term of one year or less. The components of the Companyâ€™s operating and finance lease expenses are as follows for the periods presented (in thousands):Three Months Ended December 31,Â Six Months Ended December 31,2024202320242023Operating leases:Â Â Â Â Â Fixed rent expense$1,408Â $1,485Â $3,145Â $3,042Â Â Â Â Â Variable rent expense270Â 260Â 539Â 511Â Finance lease:Â Â Â Â Amortization of equipment129Â 129Â 257Â 257Â Â Â Â Â Â Interest55Â 72Â 114Â 147Â Short-term leasesÂ Â Â Â Short-term lease expenses42Â 47Â 74Â 87Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Total lease expenses$1,904Â $1,993Â $4,129Â $4,044Â 21ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)Supplemental balance sheet information related to the Companyâ€™s operating and finance leases is as follows (in thousands, except lease term and discount rate):December 31, 2024June 30,2024Operating Leases:Â Â Â Â Â ROU assets associated with operating leases$23,317Â $25,050Â Finance Lease:Â Â Â Â Â Property, plant and equipment, gross$5,133Â $5,133Â Â Â Â Â Â Accumulated depreciation(1,427)(1,171)Â Â Â Â Â Â Â Â Â Â Property, plant and equipment, net$3,706Â $3,962Â Weighted average remaining lease term (in years)Â Â Â Â Operating leases5.185.54Â Â Â Â Finance lease2.753.25Weighted average discount rateÂ Â Â Â Operating leases4.89Â %4.91Â %Â Â Â Â Finance lease7.51Â %7.51Â %Supplemental cash flow information related to the Companyâ€™s operating and finance leases is as followsÂ (in thousands):Six Months Ended December 31,20242023Cash paid from amounts included in the measurement of lease liabilities:Â Â Â Â Operating cash flows from operating leases$3,201Â $3,190Â Â Â Â Â Operating cash flows from finance lease$114Â $147Â Â Â Â Â Financing cash flows from finance lease$459Â $426Â Non-cash investing and financing information:Â Â Â Â Operating lease right-of-use assets obtained in exchange for lease obligations$892Â $3,588Â Future minimum lease payments are as follows as of DecemberÂ 31, 2024 (in thousands):Year ending June 30,Operating LeasesFinance LeasesThe remainder of fiscal 2025$3,199Â $572Â 20265,702Â 1,144Â 20274,809Â 1,144Â 20284,277Â 191Â 20293,990Â â€"Â Thereafter5,184Â â€"Â Total minimum lease payments27,161Â 3,051Â Less amount representing interest(3,278)(294)Total lease liabilities$23,883Â $2,757Â 22ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)9. Shareholdersâ€™ Equity and Share-based Compensation Time-based Restricted Stock Units (â€œTRSUsâ€)The following table summarizes the Companyâ€™ TRSU activities for the six months ended December 31, 2024:Â Number of Time-based RestrictedÂ StockUnitsWeightedÂ AverageGrant Date FairValue Per ShareWeightedÂ AverageRemainingContractualTerm (Years)Aggregate Intrinsic ValueNonvested at June 30, 20241,469,135Â $29.13Â 1.66$54,901,575Â Granted126,192Â $37.07Â Vested(102,204)$29.00Â Forfeited(23,088)$28.65Â Nonvested at December 31, 20241,470,035Â $29.83Â 1.31$54,435,396Â Market-based Restricted Stock Units (â€œMSUsâ€)In December 2021, the Company granted 1.0Â million market-based restricted stock units (â€œMSUsâ€) to certain personnel. The number of shares to be earned at the end of performance period was determined based on the Companyâ€™s achievement of specified stock prices and revenue thresholds during the performance period from January 1, 2022 to December 31, 2024 as well as the recipients remaining in continuous service with the Company through such period. The MSUs vest in four equal annual installments after the end of performance period. The Company estimated the grant date fair values of its MSUs using a Monte-Carlo simulation model. In September 2023, the Company determined it was no longer probable that it would achieve the minimum revenue threshold specified in the awards. Therefore, the Company reversed all of the previously recognized expenses of $6.4Â million for these MSUs. In addition, on September 19, 2023, the Compensation Committee of the Board approved a modification of the terms of MSUs to extend the performance period through December 31, 2025, changed the commencement date for the four-year time-based service period to January 1, 2026, and reduced the achievement of specified stock prices and revenue thresholds. The fair value of these MSUs was revalued to reflect the change using a Monte-Carlo simulation model. In June 2024, the Company determined it was no longer probable that the revenue thresholds for the modified MSU would be achieved. Therefore, the Company reversed $2.4Â million in the June 2024 quarter that was recorded during the fiscal year 2024 related to the modification on September 19, 2023. On August 8, 2024, the Compensation Committee of the Board approved a modification of the terms of MSUs to extend the performance period through December 31, 2026, change the commencement date for the four-year time-based service period to January 1, 2027, and reduce the revenue thresholds. The fair value of these MSUs was revalued to reflect the change using a Monte-Carlo simulation model with the following assumptions: risk-free interest rate of 3.93%, expected term of 2.40 years, expected volatility of 57.81% and dividend yield of 0%. The Company recorded $1.4Â million and $2.2Â million of expenses for the three and six months ended December 31, 2024. The Company recorded $1.2Â million of expenses for the three months ended December 31, 2023, and a negative $5.1Â million of expenses for the six months ended December 31, 2023 due to a $6.4Â million of reversal of the prior recognized expenses.During the quarter ended September 30, 2018, the Company granted 1.3 million MSUs to certain personnel. The number of shares to be earned at the end of performance period is determined based on the Companyâ€™s achievement of specified stock prices and revenue thresholds during the performance period from January 1, 2019 to December 31, 2021 as well as the recipients remaining in continuous service with the Company through such period. The MSUs vest in four equal annual installments after the end of the performance period. The Company estimated the grant date fair values of its MSUs using a Monte-Carlo simulation model. On August 31, 2020, the Compensation Committee of the Board approved a modification of the terms of MSU to (i) extend the performance period through December 31, 2022 and (ii) change the commencement date for the four-year time-based service period to January 1, 2023. The fair value of these MSUs was recalculated to reflect the change as of August 31, 2020 and the unrecognized compensation amount was adjusted to reflect the increase in fair value. The Company recorded $0.2 million and $0.4Â million of expenses for MSUs during the three and six months ended December 31, 2024, respectively, and $0.3Â million and $0.6Â million ofexpenses during the three and six months ended December 31, 2023, respectively. The following table summarizes the Companyâ€™ MSUs activities for the six months ended December 31, 2024:23ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)Â Number of Market-based Performance-based RestrictedÂ StockUnitsWeightedÂ AverageGrant Date FairValue Per ShareWeightedÂ AverageRemainingContractual Term(Years)Aggregate Intrinsic ValueNonvested at June 30, 20241,727,000Â $28.15Â 2.83$64,537,990Â Vested(270,000)$5.17Â Forfeited(8,000)$48.44Â Nonvested at December 31, 20241,449,000Â $32.31Â 3.38$53,656,470Â Performance-based Restricted Stock Units (â€œPRSUsâ€)In March of each year since year 2017, the Company granted PRSUsÂ to certain personnel. The number of shares to be earned under the PRSUs is determined based on the level of attainment of predetermined financial goals. The PRSUs vest in four equal annual installments from the first anniversary date after the grant date if certain predetermined financial goals were met. The Company recorded approximately $1.0 million and $1.9 million of expense for these PRSUs during the three and six months ended December 31, 2024, respectively, and $0.8Â million and $1.2Â million of expense for the three and six months ended December31, 2023, respectively. The following table summarizes the Companyâ€™s PRSUs activities for the six months ended December 31, 2024:Â Number of Performance-based RestrictedÂ StockUnitsWeightedÂ AverageGrant Date FairValue Per ShareWeightedÂ AverageRemainingContractual Term(Years)Aggregate Intrinsic ValueNonvested at June 30, 2024344,125Â $30.69Â 1.73$12,859,951Â Nonvested at December 31, 2024344,125Â $30.69Â 1.25$12,742,949Â Stock Options The Company did not grant any stock options during the six months ended December 31, 2024 and 2023. The following table summarizes the Companyâ€™s stock option activities for the six months ended December 31, 2024:WeightedWeightedAverage AverageRemaining Number ofExercise PriceContractual AggregateSharesPer ShareTerm (in years)Intrinsic ValueOutstanding at June 30, 202410,000Â $9.07Â 0.13$283,000Â Exercised(10,000)$9.07Â $265,267Â Outstanding at December 31, 20240Â $0.00Â 0.00$0.00Â Employee Share Purchase Plan (â€œESPPâ€)The assumptions used to estimate the fair values of common shares issued under the ESPP were as follows:Â Six Months Ended December 31,2024Volatility rate54.1%Risk-free interest rate4.4%Expected term1.3 yearsDividend yield0%24ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)Share-based Compensation Expense The total share-based compensation expense recognized in the Condensed

Consolidated Statements of Income (Loss) for the periods presented was as follows:Three Months Ended December 31,Â Six Months Ended December 31,2024202320242023(in thousands)(in thousands)Cost of goods sold$1,123Â $1,504Â $2,138Â $1,716Â Research and development2,193Â 2,417Â 4,128Â 2,423Â Selling, general and administrative4,634Â 4,770Â 8,586Â 5,470Â $7,950Â $8,691Â $14,852Â $9,609Â As of DecemberÂ 31, 2024, total unrecognized compensation cost under the Companyâ€™s share-based compensation plans was $46.2 million, which is expected to be recognized over a weighted-average period of 2.9 years.10. Income Taxes The Company recognized income tax expense of approximately $1.2Â million and $0.9Â million for the three months ended DecemberÂ 31, 2024 and 2023, respectively. The income tax expense of $1.2Â million for the three months ended DecemberÂ 31, 2024 included a $0.1Â million discrete tax expense. The income tax expense of $0.9Â million for the three months ended DecemberÂ 31, 2023 included a $0.1Â million discrete tax expense. Excluding the discrete income tax items, the income tax expense for the three months ended DecemberÂ 31, 2024 and 2023 was $1.2Â million and $0.8Â million, respectively, and the effective tax rate for the three months ended DecemberÂ 31, 2024 and 2023 was (22.1)% and (41.2)%, respectively. The changes in the tax expense and effective tax rate between the periods resulted primarily from changes in the mix of earnings in various geographic jurisdictions between the current year and the same period of last year as well as from reporting pretax book loss of $5.4Â million for the three months ended December 31, 2024 as compared to $2.0Â million of pretax book loss for the three months ended December 31, 2023.The Company recognized income tax expense of approximately $2.3 million and $2.0 million for the six months endedDecemberÂ 31, 2024 and 2023, respectively. The income tax expense of $2.3 million for the six months ended December 31, 2024included a $0.1Â million discrete tax expense. The income tax expense of $2.0 million for the six months ended December 31, 2023 included a $0.1Â million discrete tax expense. Excluding the discrete income tax items, income tax expense for the six months ended December 31, 2024 and 2023 was $2.1Â million and $1.9Â million, respectively, and the effective tax rate for the six months ended December 31, 2024 and 2023 was (31.4)% and 39.2%, respectively. The changes in the tax expense and effective tax rate between theperiods resulted primarily from changes in the mix of earnings in various geographic jurisdictions between the current year and thesame period of last year as well as from reporting pretax book loss of $6.8Â million for the six months ended December 31, 2024 as compared to $4.9Â million of pretax book income for the six months ended December 31, 2023.The Company files its income tax returns in the United States and in various foreign jurisdictions. The tax years 2004 to 2024 remain open to examination by U.S. federal and state tax authorities. The tax years 2018 to 2024 remain open to examination by foreign tax authorities. The Companyâ€™s income tax returns are subject to examinations by the Internal Revenue Service and other tax authorities in various jurisdictions. In accordance with the guidance on the accounting for uncertainty in income taxes, the Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes. These assessments can require considerable estimates and judgments. As of DecemberÂ 31, 2024, the gross amount of unrecognized tax benefits was approximately $10.2Â million, of which $7.0Â million, if recognized, would reduce the effective income tax rate in future periods. If the Companyâ€™s estimate of income tax liabilities proves to be less than the ultimate assessment, then a further charge to expense would be required. If events occur and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary. The Company does not anticipate any material changes to its uncertain tax positions during the next twelve months.â€œThe Chip and Science Act of 2022â€, Enacted August 2, 202225ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)In August 2022 the U.S. enacted the Chip and Science Act of 2022 (the Chips Act). The Chips Act provides incentives to semiconductor chip manufacturers in the United States, including providing a 25% manufacturing investment credits for investments in semiconductor manufacturing property placed in service after December 31, 2022, for which construction begins before January 1, 2027. Property investments qualify for the 25% credit if, among other requirements, the property is integral to the operation of an advanced manufacturing facility, defined as having a primary purpose of manufacturing semiconductors or semiconductor manufacturing equipment. Currently, we are evaluating the impact of the Chips Act to us.Bermuda Corporate Income Tax for Tax Years Beginning in 2025The Company is subject to income tax expense or benefit based upon pre-tax income or loss reported in the Condensed Consolidated Statements of Income (Loss) and the provisions of currently enacted tax laws. The parent company is incorporated under the laws of Bermuda and is subject to Bermuda law with respect to taxation. Under current Bermuda law, the Company is not subject to any income or capital gains taxes in Bermuda. As we have previously disclosed, the Government of Bermuda announced in December 2023 that it enacted the Corporate Income Tax Act 2023, potentially imposing a 15% corporate income tax (CIT) on Bermuda companies that are within the scope of the CIT, that will be effective for tax years beginning on or after January 1, 2025. In particular, the CIT applies to multinational companies with annual revenue of 750 million euros or more in the consolidated financial statements of the ultimate parent entity for at least two of the four fiscal years immediately preceding the fiscal year when the CIT may apply.The Company is not in a position to determine whether the annual revenues may meet and/or cross the 750 million Euro threshold for at least two of the four fiscal years immediately preceding the fiscal year when CIT may apply. The Company continues to monitor and assess if and when it may be within the scope of the CIT. If we become subject to the Bermuda CIT, we may be subject to additional income taxes, which may adversely affect our financial position, results of operations and our overall business.26ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)11. Segment and Geographic Information The Company is organized as, and operates in, one operating segment: the design, development and supply of power semiconductor products for computing, consumer electronics, communication and industrial applications. The chief operating decision-makers are the Executive Chairman and the Chief Executive Officer. The financial information presented to the Companyâ€™s Executive Chairman and Chief Executive Officer is on a consolidated basis, accompanied by information about revenue by customer and geographic region, for purposes of evaluating financial performance and allocating resources. The Company has one business segment, and there are no segment managers who are held accountable for operations, operating results and plans for products or components below the consolidated unit level. Accordingly, the Company reports as a single operating segment.The Company sells its products primarily to distributors in the Asia Pacific region, who in turn sell these products to end customers. Because the Companyâ€™s distributors sell their products to end customers which may have a global presence, revenue by geographical location is not necessarily representative of the geographical distribution of sales to end user markets. In February 2023, the Company entered into a license agreement with a customer to license the Companyâ€™s proprietary SiC technology and to provide 24-month engineering and development services for a total fee of $45Â million.The revenue by geographical location in the following tables is based on the country or region in which the products were shipped to:Three Months Ended December 31,Â Six Months Ended December 31,Â 2024202320242023(in thousands)(in thousands)Hong Kong$150,640Â $124,081Â $304,135Â $265,287Â China15,915Â 30,543Â 37,170Â 57,162Â South Korea409Â 4,033Â 699Â 9,344Â United States699Â 1,005Â 1,772Â 2,400Â Other countries5,493Â 5,623Â 11,267Â 11,725Â $173,156Â $165,285Â $355,043Â $345,918Â The following is a summary of revenue by product type:Three Months Ended December 31,Â Six Months Ended December 31,Â 2024202320242023Â (in thousands)(in thousands)Power discrete$112,956Â $108,780Â $235,410Â $230,280Â Power IC53,735Â 50,295Â 106,675Â 103,042Â Packaging and testing services and other1,064Â 744Â 1,916Â 1,489Â License and development services5,401Â 5,466Â 11,042Â 11,107Â Â $173,156Â $165,285Â $355,043Â $345,918Â 27ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)Long-lived assets, net consisting of property, plant and equipment and operating lease right-of-use assets, net by geographical area are as follows:Â December 31,2024June 30,2024(in thousands)China$99,499Â $106,666Â United States236,239Â 249,791Â Other countries5,422Â 5,212Â Â $341,160Â $361,669Â 28ALPHA AND OMEGA SEMICONDUCTOR LIMITEDNOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)12. Commitments and Contingencies Purchase Commitments As of DecemberÂ 31, 2024 and JuneÂ 30, 2024, the Company had approximately $87.9 million and $100.8 million, respectively, of outstanding purchase commitments primarily for purchases of semiconductor raw materials, wafers, spare parts, packaging and testing services and others.As of DecemberÂ 31, 2024 and JuneÂ 30, 2024, the Company had approximately $15.5 million and $6.9 million, respectively, of capital commitments for the purchase of property and equipment.Other CommitmentsÂ Â Â Â Â Â Â See Note 7 and Note 8 of the Notes to the Condensed Consolidated Financial Statements contained in this Quarterly Report on Form 10-Q for descriptions of commitments including bank borrowings and leases. Contingencies and Indemnities The Company has in the past, and may from time to time in the future, become involved in legal proceedings arising from the normal course of business activities.Â The semiconductor industry is characterized by frequent claims and litigation, including claims regarding patent and other intellectual property rights as well as improper hiring practices. Irrespective of the validity of such claims, the Company could incur significant costs in the defense of such claims and suffer adverse effects on its operations. In December 2019, the U.S. Department of Justice (â€œDOJâ€) commenced an investigation into the Companyâ€™s compliance with export control regulations relating to its business transactions with Huawei and its affiliates (â€œHuaweiâ€), which were added to the â€œEntity Listâ€ maintainedÂ by the Department of Commerce (â€œDOCâ€) on May 16, 2019.Â The Company cooperated fully with federal authorities in the investigation, including responding to requests for documents, information and interviews from the DOJ in connection with the investigation. In connection with this investigation, the DOC requested the Company to suspend shipments of its products to Huawei, and the Company complied with such request. The Company has not shipped any product to Huawei after December 31, 2019.Â On January 19, 2024, the DOJ informed the Company that it has closed such investigation without any charges. The Company continues to cooperate with the DOC in the ongoing civil investigation. The DOC has not informed the Company of any specific timeline or schedule under which the DOC will complete its review.The Company is a party to a variety of agreements contracted with various third parties. Pursuant to these agreements, the Company may be obligated to indemnify another party to such an agreement with respect to certain matters. Typically, these obligations arise in the context of contracts entered into by the Company, under which the Company customarily agrees to hold the other party harmless against losses arising from a breach of representations and covenants related to such matters as title to assets sold, certain intellectual property rights, specified environmental matters and certain income taxes. In these circumstances, payment by the Company is customarily conditioned on the other party making a claim pursuant to the procedures specified in the particular contract, which procedures typically allow the Company to challenge the other partyâ€™s claim. Further, the Company's obligations under these agreements may be limited in time and/or amount, and in some instances, the Company may have recourse against third parties for certain payments made by it under these agreements. The Company has not historically paid or recorded any material indemnifications, and no accrual was made at DecemberÂ 31, 2024 and JuneÂ 30, 2024. The Company has agreed to indemnify its directors and certain employees as permitted by law and pursuant to its By-laws, and has entered into indemnification agreements with its directors and executive officers. The Company has not recorded a liability associated with these indemnification arrangements, as it historically has not incurred any material costs associated with such indemnification obligations. Costs associated with such indemnification obligations may be mitigated by insurance coverage that the Company maintains. However, such insurance may not cover any, or may cover only a portion of, the amounts the Company may be required to pay. In addition, the Company may not be able to maintain such insurance coverage at a reasonable cost.29ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSExcept for the historical information contained herein, the matters addressed in this Item 2 constitute â€œforward-looking statementsâ€ within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward looking statements include information set forth under the heading â€œFactors Affecting Our Performanceâ€. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed below under the heading â€œRisk Factorsâ€ and elsewhere in this Quarterly Report on Form 10-Q, that could cause actual results to differ materially from those anticipated by the Companyâ€™s management. The Private Securities Litigation Reform Act of 1995 (the â€œActâ€) provides certain â€œsafe harborâ€ provisions for forward-looking statements. All forward-looking statements made in this Quarterly Report on Form 10-Q are made pursuant to the Act. The Company undertakes no obligation to publicly release the results of any revisions to its forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected events. Unless the context otherwise requires, the words â€œAOS,â€ the â€œCompany,â€ â€œwe,â€ â€œusâ€ and â€œourâ€ refer to Alpha and Omega Semiconductor Limited and its subsidiaries. Managementâ€™s discussion should be read in conjunction with managementâ€™s discussion included in the Companyâ€™s Annual Report on Form 10-K for the fiscal year ended JuneÂ 30, 2024, filed with the Securities and Exchange Commission on AugustÂ 23, 2024.OverviewWe are a designer, developer and global supplier of a broad portfolio of power semiconductors. Our portfolio of power semiconductors includes approximately 2,700 products, and has grown significantly with the introduction of over 100 new products in the fiscal year ended June 30, 2024, and over 60 and 130 new products in the fiscal years ended June 30, 2023 and 2022, respectively. During the six months ended December 31, 2024, we introduced 55 new products. Our teams of scientists and engineers have developed extensive intellectual property and technical knowledge that encompass major aspects of power semiconductors, which we believe enables us to introduce and develop innovative products to address the increasingly complex power requirements of advanced electronics. We have an extensive patent portfolio that consists of 940 patents and 58 patent applications in the United States as of DecemberÂ 31, 2024. We also have a total of 1,050 foreign patents, which were based primarily on our research and development efforts through DecemberÂ 31, 2024. We differentiate ourselves by integrating our expertise in technology, design and advanced manufacturing and packaging to optimize product performance and cost. Our portfolio of products targets high-volume applications, including personal computers, graphic cards, game consoles, flat panel TVs, home appliances, power tools, smart phones, battery packs, consumer and industrial motor controls and power supplies for TVs, computers, servers and telecommunications equipment.Our business model leverages global resources, including research and development and manufacturing in the United States and Asia. Our sales and technical support teams are localized in several growing markets. We operate an 8-inch wafer fabrication facility located in Hillsboro, Oregon, or the Oregon Fab, which is critical for us to accelerate proprietary technology development, new product introduction and improve our financial performance. To meet the market demand for the more mature high volume products, we also utilize the wafer manufacturing capacity of selected third party foundries. For assembly and test, we primarily rely upon our in-house facilities in China. In addition, we utilize subcontracting partners for industry standard packages. We believe our in-house packaging and testing capability provides us with a competitive advantage in proprietary packaging technology, product quality, cost and sales cycle time.During the fiscal quarter ended DecemberÂ 31, 2024, we continued our product diversification program by developing new silicon and packaging platforms to expand our serviceable available market, or SAM and offer higher performance products. Our metal-oxide-semiconductor field-effect transistors, or MOSFET, and power IC product portfolio also expanded.As of December 31, 2024, we owned approximately 42.8% of outstanding equity interest in a joint venture company (the â€œJV Companyâ€) that operates a power semiconductor packaging, testing and 12-inch wafer fabrication facility (â€œFabâ€) in the LiangJiang New Area of Chongqing, China, and we relied on the Fab to manufacture wafers to develop our products. On December 30, 2024, the JV Company signed an investment agreement with an investor, pursuant to which the investor agreed to invest RMB 500Â million (or $68.5 million based on currency exchange rate between RMB and U.S. Dollar on December 31, 2024) in the JV Company. The funding of the investment will be made in three installments. The JV Company received the first installment of RMB 40Â million (or $5.5 million) on December 31, 2024. The remaining installments are expected to be paid by July 31, 2025. This transaction was considered as closed when the JV Company completed the registration of the issuance of equity interest to the investor with the local government authority on January 15, 2025, at which time, the percentage of outstanding JV Companyâ€™s equity interest owned by the Company was reduced to approximately 39.2%.30 In the past three years, we have been reducing our ownership of the JV Company to increase the flexibility of the JV Company to raise capital to fund its future expansion. The JV Company is also contemplating an eventual listing on the Science and Technology Innovation Board, or STAR Market, of the Shanghai Stock Exchange. The reduction of our ownership assists the JV Company in meeting certain regulatory listing requirements. A potential STAR Market listing may take several years to consummate and there is no guarantee that such listing by the JV Company will be successful or will be completed in a timely manner, or at all. In addition, the JV Company will continue to provide us with significant level of foundry capacity to enable us to develop and manufacture our products. Pursuant to an agreement with the JV Company and other shareholders of the JV Company, the JV Company is committed to provide us with a specified level of monthly wafer production capacity.Other Factors affecting our PerformanceThe global, regional economic and PC market conditions: Because our products primarily serve consumer electronic applications, any significant changes in global and regional economic conditions could materially affect our revenue and results of operations. A significant amount of our revenue is derived from sales of products in the PC markets, such as notebooks, motherboards and notebook battery packs. Therefore, a substantial decline in the PC market could have a material adverse effect on our revenue and results of operations. The PC markets have experienced a modest global decline in recent years due to continued growth of demand in tablets and smart phones, worldwide economic conditions and the industry inventory correction which had and may continue to have a material impact on the demand for our products.A decline of the PC market may have a negative impact on our revenue, factory utilization, gross margin,

our ability to resell excess inventory, and other performance measures. We have executed and continue to execute strategies to diversify our product portfolio, penetrate other market segments, including the consumer, communications and industrial markets, and improve gross margins and profit by implementing cost control measures. While making efforts to reduce our reliance on the computing market, we continue to support our computing business and capitalize on the opportunities in this market with a more focused and competitive PC product strategy to gain market share.Manufacturing costs and capacity availability: Our gross margin is affected by a number of factors including our manufacturing costs, utilization of our manufacturing facilities, the product mixes of our sales, pricing of wafers from third party foundries and pricing of semiconductor raw materials. Capacity utilization affects our gross margin because we have certain fixed costs at our Shanghai facilities and our Oregon Fab. If we are unable to utilize our manufacturing facilities at a desired level, our gross margin may be adversely affected. In addition, from time to time, we may experience wafer capacity constraints, particularly at third party foundries, that may prevent us from meeting fully the demand of our customers. While we can mitigate these constraints by increasing and re-allocating capacity at our own fab, we may not be able to do so quickly or at sufficient level, which could adversely affect our financial conditions and results of operations. We also rely on the JV Company to provide foundry capacity to manufacture our products, therefore it is important that we maintain continuous access to such capacity, which may not be available at sufficient level or at pricing terms favorable to us because of lack of control over the JV Companyâ€™s operation. We continue to maintain a business relationship with the JV Company to ensure uninterrupted supply of manufacturing capacity. Because we continue to rely on the JV Company to provide us with manufacturing capacity, if the JV Company take actions or make decisions that prevents us from accessing required capacity, our operations may be adversely affected.Erosion and fluctuation of average selling price: Erosion of average selling prices of established products is typical in our industry. Consistent with this historical trend, we expect our average selling prices of our existing products to decline in the future. However, in the normal course of business, we seek to offset the effect of declining average selling price by introducing new and higher value products, expanding existing products for new applications and new customers and reducing the manufacturing cost of existing products. These strategies may cause the average selling price of our products to fluctuate significantly from time to time, thereby affecting our financial performance and profitability.Product introductions and customersâ€™ product requirements: Our success depends on our ability to introduce products on a timely basis that meet or are compatible with our customers' specifications and performance requirements. Both factors, timeliness of product introductions and conformance to customers' requirements, are equally important in securing design wins with our customers. As we accelerate the development of new technology platforms, we expect to increase the pace at which we introduce new products and seek and acquire design wins. If we were to fail to introduce new products on a timely basis that meet customersâ€™ specifications and performance requirements, particularly those products with major OEM customers, and continue to expand our serviceable markets, then we would lose market share and our financial performance would be adversely affected. Distributor ordering patterns, customer demand and seasonality: Our distributors place purchase orders with us based on their forecasts of end customer demand, and this demand may vary significantly depending on the sales outlook and market and economic conditions of end customers. Because these forecasts may not be accurate, channel inventory held at our distributors may fluctuate significantly, which in turn may prompt distributors to make significant adjustments to their purchase orders placed with us. As a result, our revenue and operating results may fluctuate significantly from quarter to quarter. In addition, 31 because our products are used in consumer electronics products, our revenue is subject to seasonality. Our sales seasonality is affected by numerous factors, including global and regional economic conditions as well as the PC market conditions, revenue generated from new products, changes in distributor ordering patterns in response to channel inventory adjustments and end customer demand for our products and fluctuations in consumer purchase patterns prior to major holiday seasons. Typically, we generate lower revenue during the first quarter of the calendar year as compared to other quarters. However, broad fluctuations in the semiconductor markets and the global and regional economic conditions, in particular the changing PC market conditions, have had a more significant impact on our results of operations than seasonality. Furthermore, our revenue may be impacted by the level of demand from our major customers due to factors outside of our control. If these major customers experience significant decline in the demand of their products, encounter difficulties or defects in their products, or otherwise fail to execute their sales and marketing strategies successfully, it may adversely affect our revenue and results of operations.32 Principal line items of Condensed Consolidated Statements of Income (Loss)The following describes the principal line items set forth in our Condensed Consolidated Statements of Income (Loss).RevenueWe generate revenue primarily from the sale of power semiconductors, consisting of power discretes and power ICs. Historically, a majority of our revenue has been derived from power discrete products. Because our products typically have three-year to five-year life cycles, the rate of new product introduction is an important driver of revenue growth over time. We believe that expanding the breadth of our product portfolio is important to our business prospects, because it provides us with an opportunity to increase our total bill-of-materials within an electronic system and to address the power requirements of additional electronic systems. In addition, a small percentage of our total revenue is generated by providing packaging and testing services to third parties through one of our in-house facilities.Our product revenue is reported net of the effect of the estimated stock rotation returns and price adjustments that we expect to provide to our distributors. Stock rotation returns are governed by contract and are limited to a specified percentage of the monetary value of products purchased by the distributor during a specified period. At our discretion or upon our direct negotiations with the original design manufacturers (â€œODMsâ€) or original equipment manufacturers (â€œOEMsâ€), we may elect to grant special pricing that is below the prices at which we sold our products to the distributors. In certain situations, we will grant price adjustments to the distributors reflecting such special pricing. We estimate the price adjustments for inventory at the distributors based on factors such as distributor inventory levels, forecasted distributor selling prices, distributor margins and demand for our products.In February 2023, we entered into a license agreement with a customer to license our proprietary SiC technology and to provide 24-months of engineering and development services for a total fee of $45.0 million, consisting of an upfront fee and milestone payments of $18.0 million, $6.8 million and $9.0 million paid to us in the March 2023, July 2023 and February 2024, respectively, with the remaining amount to be paid upon the achievement of specified engineering services and product milestones. The license and development fee is determined to be one performance obligation and is recognized over the 24 months during which we perform the engineering and development services. We use the input method to measure progression of the transfer of services. During the three and six months ended December 31, 2024, we recorded $5.4 million and $11.0 million of license and development revenue, respectively, and during the three and six months ended December 31, 2023, we recorded $5.5 million and $11.1 million of license and development revenue, respectively. As of DecemberÂ 31, 2024, we had recorded a total of $42.2Â million of license and development revenue. When our performance under the contract precedes our receipt of consideration from the customer, and the receipt of consideration is conditional upon factors other than the passage of time, a contract asset is recorded. We also entered an accompanying supply agreement to provide limited wafer supply to the customer.Cost of goods soldOur cost of goods sold primarily consists of costs associated with semiconductor wafers, packaging and testing, personnel, including share-based compensation expense, overhead attributable to manufacturing, operations and procurement, and costs associated with yield improvements, capacity utilization, warranty and valuation of inventories. As the volume of sales increases, we expect cost of goods sold to increase. While our utilization rates cannot be immune to the market conditions, our goal is to make them less vulnerable to market fluctuations. We believe our market diversification strategy and product growth will drive higher volume of manufacturing which will improve our factory utilization rates and gross margin in the long run.Operating expensesOur operating expenses consist of research and development, and selling, general and administrative expenses. We expect our operating expenses as a percentage of revenue to fluctuate from period to period as we continue to exercise cost control measures in response to the declining PC market as well as align our operating expenses to the revenue level.Research and development expenses. Our research and development expenses consist primarily of salaries, bonuses, benefits, share-based compensation expense, expenses associated with new product prototypes, travel expenses, fees for engineering services provided by outside contractors and consultants, amortization of software and design tools, depreciation of equipment and overhead costs. We continue to invest in developing new technologies and products utilizing our own fabrication and packaging facilities as it is critical to our long-term success. We also evaluate appropriate investment levels and stay focused on new product introductions to improve our competitiveness. We expect that our research and development expenses will fluctuate from time to time.33 Selling, general and administrative expenses. Our selling, general and administrative expenses consist primarily of salaries, bonuses, benefits, share-based compensation expense, product promotion costs, occupancy costs, travel expenses, expenses related to sales and marketing activities, amortization of software, depreciation of equipment, maintenance costs and other expenses for general and administrative functions as well as costs for outside professional services, including legal, audit and accounting services. We expect our selling, general and administrative expenses to fluctuate in the near future as we continue to exercise cost control measures.Income tax expense We are subject to income taxes in various jurisdictions. The Companyâ€™s interim period tax provision for (or benefit from) income taxes is determined using an estimate of its annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, the Company updates its estimate of the annual effective tax rate, and if the estimated annual effective tax rate changes, the Company makes a cumulative adjustment in such period. The Companyâ€™s quarterly tax provision and estimate of its annual effective tax rate are subject to variation due to several factors, including variability in forecasting its pre-tax income or loss and the mix of jurisdictions to which they relate, and changes in how the Company does business. Significant judgment and estimates are required in determining our worldwide income tax expense. The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations of different jurisdictions globally. We establish accruals for potential liabilities and contingencies based on a more likely than not threshold to the recognition and de-recognition of uncertain tax positions. If the recognition threshold is met, the applicable accounting guidance permits us to recognize a tax benefit measured at the largest amount of tax benefit that is more likely than not to be realized upon settlement with a taxing authority. If the actual tax outcome of such exposures is different from the amounts that were initially recorded, the differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Changes in the location of taxable income (loss) could result in significant changes in our income tax expense.We record a valuation allowance against deferred tax assets if it is more likely than not that a portion of the deferred tax assets will not be realized, based on historical profitability and our estimate of future taxable income in a particular jurisdiction. Our judgments regarding future taxable income may change due to changes in market conditions, changes in tax laws, tax planning strategies or other factors. If our assumptions and consequently our estimates change in the future, the deferred tax assets may increase or decrease, resulting in corresponding changes in income tax expense. Our effective tax rate is highly dependent upon the geographic distribution of our worldwide profits or losses, the tax laws and regulations in each geographical region where we have operations, the availability of tax credits and carry-forwards and the effectiveness of our tax planning strategies.â€œThe Chip and Science Act of 2022â€, Enacted August 2, 2022In August 2022 the U.S. enacted the Chip and Science Act of 2022 (the Chips Act). The Chips Act provides incentives to semiconductor chip manufacturers in the United States, including providing a 25% manufacturing investment credits for investments in semiconductor manufacturing property placed in service after December 31, 2022, for which construction begins before January 1, 2027. Property investments qualify for the 25% credit if, among other requirements, the property is integral to the operation of an advanced manufacturing facility, defined as having a primary purpose of manufacturing semiconductors or semiconductor manufacturing equipment. Currently, we are evaluating the impact of the Chips Act to us.Bermuda Corporate Income Tax for Tax Years Beginning in 2025The Company is subject to income tax expense or benefit based upon pre-tax income or loss reported in the Condensed Consolidated Statements of Income (Loss) and the provisions of currently enacted tax laws. The parent company is incorporated under the laws of Bermuda and is subject to Bermuda law with respect to taxation. Under current Bermuda law, the Company is not subject to any income or capital gains taxes in Bermuda. As we have previously disclosed, the Government of Bermuda announced in December 2023 that it enacted the Corporate Income Tax Act 2023, potentially imposing a 15% corporate income tax (CIT) on Bermuda companies that are within the scope of the CIT, that will be effective for tax years beginning on or after January 1, 2025. In particular, the CIT applies to multinational companies with annual revenue of 750 million euros or more in the consolidated financial statements of the ultimate parent entity for at least two of the four fiscal years immediately preceding the fiscal year when the CIT may apply.The Company is not in a position to determine whether the annual revenues may meet and/or cross the 750 million Euro threshold for at least two of the four fiscal years immediately preceding the fiscal year when CIT may apply. The Company continues to monitor and assess if and when it may be within the scope of the CIT. If we become subject to the Bermuda CIT, we may be subject to additional income taxes, which may adversely affect our financial position, results of operations and our overall business.Equity method investment income/loss from equity investee 34 We use the equity method of accounting when we have the ability to exercise significant influence, but we do not have control, as determined in accordance with generally accepted accounting principles, over the operating and financial policies of the company. Effective December 2, 2021, we reduced our equity interest in the JV Company below 50% of outstanding equity ownership and experienced a loss of control of the JV Company. As a result, we record our investment under equity method of accounting. Since we are unable to obtain accurate financial information from the JV Company in a timely manner, we record our share of earnings or losses of such affiliate on a one quarter lag. We record our interest in the net earnings of the equity method investee, along with adjustments for unrealized profits or losses on intra-entity transactions and amortization of basis differences, within earnings or loss from equity interests in the Condensed Consolidated Statements of Income (Loss). Profits or losses related to intra-entity sales with the equity method investee are eliminated until realized by the investor or investee. Basis differences represent differences between the cost of the investment and the underlying equity in net assets of the investment and are generally amortized over the lives of the related assets that gave rise to them. Equity method goodwill is not amortized or tested for impairment. Instead the total equity method investment balance, including equity method goodwill, is tested for impairment. We review for impairment whenever factors indicate that the carrying amount of the investment is determined to be other than temporary. In such a case, the decrease in value is recognized in the period the impairment occurs in the Condensed Consolidated Statements of Income (Loss).Results of Operations The following tables set forth statements of income (loss), also expressed as a percentage of revenue, for the three and six months ended December 31, 2024 and 2023. Our historical results of operations are not necessarily indicative of the results for any future period.Three Months Ended December 31,Â Six Months Ended December 31,Â 20242023202420232024202320242023(in thousands)(% of revenue)(in thousands)(% of revenue)Revenue $173,156Â $165,285Â 100.0Â %100.0Â %$355,043Â $345,918Â 100.0Â %100.0Â %Cost of goods sold 133,145Â 121,284Â 76.9Â %73.4Â %270,506Â 250,992Â 76.2Â %72.6Â %Gross profit40,011Â 44,001Â 23.1Â %26.6Â %84,537Â 94,926Â 23.8Â %27.4Â %Operating expensesResearch and development23,968Â 22,919Â 13.8Â %13.9Â %46,446Â 45,032Â 13.1Â %13.0Â %Selling, general and administrative21,951Â 22,216Â 12.7Â %13.4Â %44,251Â 41,647Â 12.5Â %12.0Â %Total operating expenses45,919Â 45,135Â 26.5Â %27.3Â %90,697Â 86,679Â 25.6Â %25.0Â %Operating income (loss)(5,908)(1,134)(3.4)%(0.7)%(6,160)8,247Â (1.8)%2.4Â %Other income (loss), net663Â (472)0.4Â %(0.3)%13Â (446)0.0Â %(0.1)%Interest income1,135Â 1,323Â 0.6Â %0.8Â %2,400Â 2,644Â 0.7Â %0.8Â %Interest expenses(701)(1,049)(0.4)%(0.6)%(1,513)(2,141)(0.4)%(0.7)%Net income (loss) before income taxes and loss from equity method investment(4,811)(1,332)(2.8)%(0.8)%(5,260)8,304Â (1.5)%2.4Â %Income tax expense 1,242Â 894Â 0.7Â %0.5Â %2,282Â 2,032Â 0.6Â %0.6Â %Net income (loss) before loss from equity method investment(6,053)(2,226)(3.5)%(1.3)%(7,542)6,272Â (2.1)%1.8Â %Equity method investment loss from equity investee(561)(697)(0.3)%(0.4)%(1,568)(3,409)(0.5)%(1.0)%Net income (loss)$(6,614)$(2,923)(3.8)%(1.7)%$(9,110)$2,863Â (2.6)%0.8Â %35 Share-based compensation expense was recorded as follows:Three Months Ended December 31,Â Six Months Ended December 31,Â 20242023202420232024202320242023(in thousands)(% of revenue)(in thousands)(% of revenue)Cost of goods sold$1,123Â $1,504Â 0.6Â %0.9Â %$2,138Â $1,716Â 0.6Â %0.5Â %Research and development2,193Â 2,417Â 1.3Â %1.5Â %4,128Â 2,423Â 1.2Â %0.7Â %Selling, general and administrative4,634Â 4,770Â 2.7Â %2.9Â %8,586Â 5,470Â 2.4Â %1.6Â %Total$7,950Â $8,691Â 4.6Â %5.3Â %$14,852Â $9,609Â 4.2Â %2.8Â %Three and Six Months Ended December 31, 2024 and 2023 RevenueThe following is a summary of revenue by product type:Three Months Ended December 31,Â Six Months Ended December 31,20242023Change20242023Change(in thousands)(in thousands)(in percentage)(in thousands)(in thousands)(in percentage)Power discrete$112,956Â $108,780Â $4,176Â 3.8Â %$235,410Â $230,280Â $5,130Â 2.2Â %Power IC53,735Â 50,295Â 3,440Â 6.8Â %106,675Â 103,042Â 3,633Â 3.5Â %Packaging and testing services and other1,064Â 744Â 320Â 43.0Â %1,916Â 1,489Â 427Â 28.7Â %License and development services5,401Â 5,466Â (65)(1.2)%11,042Â 11,107Â (65)(0.6)%$173,156Â $165,285Â $7,871Â 4.8Â %$355,043Â $345,918Â $9,125Â 2.6Â %The following is a summary of revenue by end market:Three Months Ended December 31,Â Six Months Ended December 31,Â 20242023202420232024202320242023Â (in thousands)(% of revenue)(in thousands)(% of revenue)Computing$76,034Â $71,756Â 43.9Â %43.4Â %$152,445Â $142,106Â 42.9Â %41.1Â %Consumer22,568Â 23,492Â 13.0Â %14.2Â %54,265Â 54,582Â 15.3Â %15.8Â %Communication33,1
Supply and Industrial34,929Â 34,862Â 20.2Â %21.1Â %66,789Â 76,642Â 18.9Â %22.2Â %Packaging and testing services and

other1,064Â 744Â 0.6Â %0.5Â %1,916Â 1,489Â 0.5Â %0.4Â %License and development services5,401Â 5,466Â 3.1Â %3.3Â %11,042Â 11,108Â 3.1Â %3.2Â %$173,156Â $165,285Â 100.0Â %100.0Â %$355,043Â $345,918Â 100.0Â %100.0Â %Total revenue was $173.2 million for the three months ended December 31, 2024, an increase of $7.9 million, or 4.8% as compared to $165.3 million for the same quarter last year. The increase was primarily due to an increase of $4.2 million and $3.4 million in sales of power discrete products and sales of power IC products, respectively, as well as an increase of $0.3 million in packaging and testing services and other, partially offset by a decrease of $0.1 million in license and development services. The net increase in power discrete and power IC product sales was primarily due to a 18.8% increase in unit shipment, partially offset by a 11.8% decrease in average selling price as compared to same quarter last year due to a shift in product mix. The net increase in revenues was primarily driven by a significant increase in the computing markets, particularly in graphics cards products, as well as an increase in the communication markets, particular in battery, partially offset by a decrease in consumer markets, particularly in home appliances products. The increase in revenue of packaging and testing services for the three months ended December 31, 2024, as compared to same quarter last year, was primarily due to increased demand. The decrease in license and development services for the three months ended December 31, 2024 was related to the license agreement with a customer to license our proprietary SiC technology and to provide 24-month engineering and development services.36 Total revenue was $355.0 million for the six months ended December 31, 2024, an increase of $9.1 million, or 2.6%, as compared to $345.9 million for the same period last year. The increase was primarily due to an increase of $5.1 million and $3.6 million in sales of power discrete products and sales of power IC products, respectively, as well as an increase of $0.4 million in packaging and testing services and other, partially offset by a decrease of $0.1 million in license and development services. The net increase in power discrete and power IC product sales was primarily due to a 17.2% increase in unit shipment, partially offset by a 12.4% decrease in average selling price as compared to same period last year due to a shift in product mix. The net increase in revenues was primarily driven by a significant increase in the computing markets, particularly in graphics cards products, as well as an increase in the communication markets, particular in battery and mobile phone products, partially offset by a decrease in power supply and industrial markets, particularly in quick charger products. The increase in revenue of packaging and testing services for the six months ended December 31, 2024, as compared to same period last year, was primarily due to increased demand. The decrease in license and development services for the six months ended December 31, 2024 was related to the license agreement with a customer to license our proprietary SiC technology and to provide 24-month engineering and development services. Cost of goods sold and gross profitThree Months Ended December 31,Â Six Months Ended December 31,Â 20242023Change20242023ChangeÂ (in thousands)(in thousands)(in percentage)(in thousands)(in thousands)(in percentage)Cost of goods sold$133,145Â $121,284Â $11,861Â 9.8Â %$270,506Â $250,992Â $19,514Â 7.8Â %Percentage of revenue76.9Â %73.4Â %76.2Â %72.6Â %Gross profit$40,011Â $44,001Â $(3,990)(9.1)%$84,537Â $94,926Â $(10,389)(10.9)%Percentage of revenue23.1Â %26.6Â %23.8Â %27.4Â %Cost of goods sold was $133.1 million for the three months ended December 31, 2024, an increase of $11.9 million or 9.8%, as compared to $121.3 million for the same quarter last year. The increase was primarily due to 4.8% increase in sales. Gross margin decreased by 3.5 percentage points to 23.1% for the three months ended December 31, 2024, as compared to 26.6% for the same quarter last year. The decrease in gross margin was primarily due to average selling pricing erosion, higher material costs and less favorable product mix during the three months ended December 31, 2024.Cost of goods sold was $270.5 million for the six months ended December 31, 2024, an increase of $19.5 million, or 7.8%, as compared to $251.0 million for the same period last year. The increase was primarily due to 2.6% increase in sales. Gross margin decreased by 3.6 percentage points to 23.8% for the six months ended December 31, 2024, as compared to 27.4% for the same period last year. The decrease in gross margin was primarily due to average selling price erosion, higher material costs and less favorable product mix during the periods.37 Research and development expensesThree Months Ended December 31,Â Six Months Ended December 31,Â 20242023Change20242023ChangeÂ (in thousands)(in thousands)(in percentage)(in thousands)(in thousands)(in percentage)Research and development expenses$23,968Â $22,919Â $1,049Â 4.6Â %$46,446Â $45,032Â $1,414Â 3.1Â %Research and development expenses were $24.0 million for the three months ended December 31, 2024, an increase of $1.0 million, or 4.6%, as compared to $22.9 million for the same quarter last year. The increase was primarily attributable to a $0.5 million increase in employee compensation and benefit expense mainly due to higher bonus expense, as well as a $0.7 million increase in product prototyping engineering expense as a result of increased engineering activities, partially offset by a $0.2 million decrease in share-based compensation expense primarily due to less ESPP expenses in current quarter.Research and development expenses were $46.4 million for the six months ended December 31, 2024, an increase of $1.4 million, or 3.1%, as compared to $45.0 million for the same period last year. The increase was primarily attributable to a $1.7 million increase in share-based compensation as a result of a modification of market-based restricted stock units in August 2024, partially offset by a $0.2 million decrease in product prototyping engineering expense as a result of decreased engineering activities, as well as a $0.1 million decrease in employee compensation and benefit expense mainly due to less headcount, partially offset by higher business and medical insurance expenses.Selling, general and administrative expensesThree Months Ended December 31,Â Six Months Ended December 31,Â 20242023Change20242023ChangeÂ (in thousands)(in thousands)(in percentage)(in thousands)(in thousands)(in percentage)Selling, general and administrative$21,951Â $22,216Â $(265)(1.2)%$44,251Â $41,647Â $2,604Â 6.3Â %Selling, general and administrative expenses were $22.0 million for the three months ended December 31, 2024, a decrease of $0.3 million, or 1.2%, as compared to $22.2 million for the same quarter last year. The decrease was primarily due to a $0.1 million decrease in share-based compensation expense as a result of less ESPP expenses, a $0.4 million decrease in audit fees, and $0.3 million decrease in consulting fees, partially offset by $0.6 million increase in employee compensation and benefits expenses primarily due to increased headcount.Selling, general and administrative expenses were $44.3 million for the six months ended December 31, 2024, an increase of $2.6 million, or 6.3%, as compared to $41.6 million for the same period last year. The increase was primarily attributable to a $3.1 million increase in share-based compensation as a result of a modification of market-based restricted stock units in August 2024, and $0.8 million increase in employee compensation and benefits expenses primarily due to increased headcount, partially offset by $0.8 million decrease in audit fees and $0.4 million decrease in consulting fees.Other income (loss), netThree Months Ended December 31,Â Six Months Ended December 31,Â 20242023Change20242023ChangeÂ (in thousands)(in thousands)(in percentage)(in thousands)(in thousands)(in percentage)Other income (loss), net$663Â (472)1,135Â (240.5)%$13Â (446)459Â (102.9)%Other income (loss), net was increased in the three and six months ended December 31, 2024 as compared to the same periods last year primarily due to decrease in foreign currency exchange loss as a result of the depreciation of RMB against USD.Interest income38 Three Months Ended December 31,Â Six Months Ended December 31,20242023Change20242023Change(in thousands)(in thousands)(in percentage)(in thousands)(in thousands)(in percentage)Interest income$1,135Â $1,323Â $(188)(14.2)%$2,400Â $2,644Â $(244)(9.2)%Interest income was decreased in the three and six months ended December 31, 2024 as compared to the same periods last year primarily due to lower interest rates in the current periods.Interest expenseThree Months Ended December 31,Â Six Months Ended December 31,20242023Change20242023ChangeÂ (in thousands)(in thousands)(in percentage)(in thousands)(in thousands)(in percentage)Interest expenses(701)(1,049)$348Â (33.2)%$(1,513)(2,141)$628Â (29.3)%Interest expense was decreased in the three and six months ended December 31, 2024 as compared to the same periods last year primarily due to less outstanding loan balance in the current periods.Income tax expense Three Months Ended December 31,Â Six Months Ended December 31,Â 20242023Change20242023ChangeÂ (in thousands)(in thousands)(in percentage)(in thousands)(in thousands)(in percentage)Income tax expense $1,242Â $894Â $348Â 38.9Â %$2,282Â $2,032Â $250Â 12.3Â %The Company recognized income tax expense of approximately $1.2 million and $0.9 million for the three months ended December 31, 2024 and 2023, respectively. The income tax expense of $1.2 million for the three months ended December 31, 2024 included a $0.1 million discrete tax expense. The income tax expense of $0.9 million for the three months ended December 31, 2023 included a $0.1 million discrete tax expense. Excluding the discrete income tax items, the income tax expense for the three months ended December 31, 2024 and 2023 was $1.2 million and $0.8 million, respectively, and the effective tax rate for the three months ended December 31, 2024 and 2023 was (22.1)% and (41.2%), respectively. The changes in the tax expense and effective tax rate between the periods resulted primarily from changes in the mix of earnings in various geographic jurisdictions between the current year and the same period of last year as well as from reporting pretax book loss of $5.4 million for the three months ended DecemberÂ 31, 2024 as compared to $2.0 million of pretax book loss for the three months ended DecemberÂ 31, 2023.The Company recognized income tax expense of approximately $2.3 million and $2.0 million for the six months ended December 31, 2024 and 2023, respectively. The income tax expense of $2.3 million for the six months ended December 31, 2024 included a $0.1 million discrete tax expense. The income tax expense of $2.0 million for the six months ended December 31, 2023 included a $0.1 million discrete tax expense. Excluding the discrete income tax items, the income tax expense for the six months ended December 31, 2024 and 2023 was $2.1 million and $1.9 million, respectively, and the effective tax rate for the six months ended December 31, 2024 and 2023 was (31.4%) and 39.2%, respectively. The changes in the tax expense and effective tax rate between the periods resulted primarily from changes in the mix of earnings in various geographic jurisdictions between the current year and the same period of last year as well as from reporting pretax book loss of $6.8 million for the six months ended December 31, 2024 as compared to $4.9 million of pretax book income for the six months ended December 31, 2023.The Company files its income tax returns in the United States and in various foreign jurisdictions. The tax years 2004 to 2024 remain open to examination by U.S. federal and state tax authorities. The tax years 2018 to 2024 remain open to examination by foreign tax authorities.The Companyâ€™s income tax returns are subject to examinations by the Internal Revenue Service and other tax authorities in various jurisdictions. In accordance with the guidance on the accounting for uncertainty in income taxes, the Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes. These assessments can require considerable estimates and judgments. As of DecemberÂ 31, 2024, 39 the gross amount of unrecognized tax benefits was approximately $10.2Â million, of which $7.0 million, if recognized, would reduce the effective income tax rate in future periods. If the Companyâ€™s estimate of income tax liabilities proves to be less than the ultimate assessment, then a further charge to expense would be required. If events occur and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary. The Company does not anticipate any material changes to its uncertain tax positions during the next twelve months.Liquidity and Capital Resources Our principal need for liquidity and capital resources is to maintain sufficient working capital to support our operations and to invest adequate capital expenditures to grow our business. To date, we finance our operations and capital expenditures primarily through funds generated from operations and borrowings under our term loans, financing lease and other debt agreements.In March 2024, Bank of Communications Limited in China provided a line of credit facility to one of the Company'ssubsidiaries in China. The purpose of the credit facility is to provide working capital borrowings. The Company could borrow up to approximately RMB 140Â million or $19.2Â million based on currency exchange rate between RMB and U.S. Dollar on DecemberÂ 31, 2024 with a maturity date of March 15, 2025. As of DecemberÂ 31, 2024, there was no outstanding balance for this loan.In December 2023, Industrial and Commercial Bank of China provided a line of credit facility to one of the Company'ssubsidiaries in China. The purpose of the credit facility was to provide working capital borrowings. The Company could borrow up to approximately RMB 72.0Â million, or $9.9Â million based on currency exchange rate between RMB and U.S. Dollar on DecemberÂ 31, 2024, with a maturity date of December 31, 2024. As of DecemberÂ 31, 2024, there was no outstanding balance for this loan and this loan expired.In September 2023, China Construction Bank provided a line of credit facility to one of the Company's subsidiaries inChina. The purpose of the credit facility is to provide working capital borrowings. The Company could borrow up to approximately RMB 50Â million or $6.9Â million based on currency exchange rate between RMB and U.S. Dollar on DecemberÂ 31, 2024 with a maturity date of September 8, 2025. As of DecemberÂ 31, 2024, there was no outstanding balance for this loan.On February 6, 2023, we entered into a license and engineering service agreement with a leading power semiconductor automotive supplier related to our Silicon Carbide (SiC) MOSFET and diode technology. Pursuant to the agreement, we license and provide 24-month engineering support for our proprietary SiC technology to the supplier for a total fee of $45.0 million, consisted of an upfront fee and milestone payments of $18.0 million, $6.8 million and $9.0 million paid to us in the March, July 2023 and February 2024, respectively, and the remaining amount to be paid upon our achievements of specified business and product milestones. In addition, we entered an accompanying supply agreement with the supplier to provide it with limited wafer supply.In September 2021, Jireh Semiconductor Incorporated (â€œJirehâ€), one of the wholly-owned subsidiaries, entered into a financing arrangement agreement with a company (â€œLenderâ€) for the lease and purchase of a machinery equipment manufactured by a supplier. This agreement has a 5 years term, after which Jireh has the option to purchase the equipment for $1. The implied interest rate was 4.75% per annum which was adjustable based on every five basis point increase in 60-month U.S. Treasury Notes, until the final installation and acceptance of the equipment. The total purchase price of this equipment was euro 12.0Â million. In April 2021, Jireh made a down payment of euro 6.0Â million, representing 50% of the total purchase price of the equipment, to the supplier. In June 2022, the equipment was delivered to Jireh after Lender paid 40% of the total purchase price, for euro 4.8Â million, to the supplier on behalf of Jireh. In September 2022, Lender paid the remaining 10% payment for the total purchase price and reimbursed Jireh for the 50% down payment, after the installation and configuration of the equipment. The title of the equipment was transferred to Lender following such payment. The agreement was amended with fixed implied interest rate of 7.51% and monthly payment of principal and interest effective in October 2022. Other terms remain the same. In addition, Jireh purchased hardware for the machine under this financing arrangement. The purchase price of this hardware was $0.2Â million. The financing arrangement is secured by this equipment and other equipment which had the net book value of $12.8Â million as of DecemberÂ 31, 2024. As of DecemberÂ 31, 2024, the outstanding balance of this debt financing was $7.9Â million. On August 18, 2021, Jireh entered into a term loan agreement with a financial institution (the â€œBankâ€) in an amount up to $45.0Â million for the purpose of expanding and upgrading the Companyâ€™s fabrication facility located in Oregon. The obligation under the loan agreement is secured by substantially all assets of Jireh and guaranteed by the Company. The agreement has a 40 5.5 year term and matures on February 16, 2027. Jireh is required to make consecutive quarterly payments of principal and interest. The loan accrues interest based on adjusted SOFR plus the applicable margin based on the outstanding balance of the loan. This agreement contains customary restrictive covenants and includes certain financial covenants that the Company is required to maintain. Jireh drew down $45.0Â million on February 16, 2022 with the first payment of principal beginning in October 2022. As of DecemberÂ 31, 2024, Jireh was in compliance with these covenants and the outstanding balance of this loan was $24.7 million.On August 9, 2019, one of the Company's wholly-owned subsidiaries (the â€œBorrowerâ€) entered into a factoring agreement with Hongkong and Shanghai Banking Corporation Limited (â€œHSBCâ€), whereby the Borrower assigns certain of its accounts receivable with recourse. This factoring agreement allows the Borrower to borrow up to 70% of the net amount of its eligible accounts receivable of the Borrower with a maximum amount of $30.0 million. The interest rate is based on the Secured Overnight Financing Rate (â€œSOFRâ€), plus 2.01% per annum. The Company is the guarantor for this agreement. The Company is accounting for this transaction as a secured borrowing. In addition, any cash held in the restricted bank account controlled by HSBC has a legal right of offset against the borrowing. This agreement, with certain financial covenants required, has no expiration date. On August 11, 2021, the Borrower signed an agreement with HSBC to reduce the borrowing maximum amount to $8.0Â million with certain financial covenants required. Other terms remain the same. As of DecemberÂ 31, 2024, the Borrower was in compliance with these covenants. As of DecemberÂ 31, 2024, there was no outstanding balance and the Company had unused credit of approximately $8.0 million. We believe that our current cash and cash equivalents and cash flows from operations will be sufficient to meet our anticipated cash needs, including working capital and capital expenditures, for at least the next twelve months. In the long-term, we may require additional capital due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our cash is insufficient to meet our needs, we may seek to raise capital through debt financing. The incurrence of indebtedness would result in increased debt service obligations and may include operating and financial covenants that would restrict our operations. If we decide to raise capital through equity financing, the issuance of additional equity may result in dilution to our shareholders. We cannot be certain that any financing will be available in the amounts we need or on terms acceptable to us, if at all.Cash, cash equivalents and restricted cash As of DecemberÂ 31, 2024 and JuneÂ 30, 2024, we had $182.8 million and $175.5 million of cash, cash equivalents and restricted cash, respectively. Our cash, cash equivalents and restricted cash primarily consist of cash on hand, restricted cash, and short-term bank deposits with original maturities of three months or less. Of the $182.8 million and $175.5 million cash, cash equivalents and restricted cash, $99.5 million and $55.0 million, respectively, are deposited with financial institutions outside the United States.The following table shows our cash flows from operating, investing and financing activities for the periods indicated:Â Â Six Months Ended December 31,Â 20242023Â (in thousands)Net cash provided by (used in) operating activities$25,126Â $(9,628)Net cash used in investing activities(14,100)(21,431)Net cash used in financing activities(3,732)(2,146)Effect of exchange rate changes on cash, cash equivalents and restricted cash(36)80Â Net increase (decrease) in cash, cash equivalents and restricted cash$7,258Â $(33,125)Â Â Cash flows from operating activitiesFor the six months ended December 31, 2024, the $34.8 million increase in cash provided by operating activities compared to the same period last year was primarily due to a decrease of $20.5 million in inventory purchases and a decrease of $13.2 million in other receivables related to a long-term wafer supply agreement. This increase was also affected by changes in other working capital.Cash flows from investing activitiesÂ Â Â Â 41 For the six months ended December 31, 2024, the $7.3 million decrease in cash used in investing activities compared to the same period last year was primarily due to less purchases of property and equipment in the six months ended December 31, 2024 compared to the same period last year.Cash flows from financing activitiesFor the six months ended December 31, 2024, the $1.6 million increase in cash used in financing activities compared to the same period last year was primarily due to $1.1 million decrease in proceeds from exercise of stock options and ESPP, and $0.4 million increase in common shares acquired to settle withholding tax related to vesting of restricted stock.Commitments See Note 12 of the Notes to the Condensed Consolidated Financial Statements contained in this Quarterly Report on Form 10-Q for a description of commitments.Contractual ObligationsThere were no material changes outside of our ordinary course of business in our contractual obligations from those disclosed in our Annual Report on Form 10-K for the fiscal year ended JuneÂ 30, 2024.Recent Accounting Pronouncements See Note 1 of the Notes to the Condensed Consolidated Financial Statements contained in this Quarterly Report on Form 10-Q for a description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on results of operations and financial condition, which is incorporated herein by reference.42 ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKThere have been no material changes in the market risks previously disclosed in Part II, Item 7A, â€œQuantitative and Qualitative Disclosures About Market Risk,â€ of our Annual Report on Form 10-K for the year ended JuneÂ 30, 2024, filed with the SEC on AugustÂ 23, 2024.ITEM 4. CONTROLS AND PROCEDURESManagementâ€™s Evaluation of Disclosure Controls and ProceduresOur management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in RulesÂ 13a-15(e)Â and 15d-15(e)Â under the Securities Exchange Act of 1934, as amended, (the â€œExchange Actâ€)), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of DecemberÂ 31, 2024 were effective and provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SECâ€™s rulesÂ and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.Changes in Internal Control over Financial ReportingThere were no changes in our internal control over financial reporting during the six months ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.Limitation on Effectiveness of ControlsWhile our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance that their respective objectives will be met, we do not expect that our disclosure controls and procedures or our internal control over financial reporting are or will be capable of preventing or detecting all errors and all fraud. Any control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met.43 PART II. OTHER INFORMATIONITEM 1. LEGAL PROCEEDINGS As previously disclosed, the Company continues to cooperate with the Department of Commerce (â€œDOCâ€) in connection with its ongoing investigation of the Companyâ€™s export control practices. DOC has not informed the Company of any specific timeline or schedule under which DOC will complete its review.We have in the past, and may from time to time in the future, become involved in legal proceedings arising from the normal course of business activities. The semiconductor industry is characterized by frequent claims and litigation, including claims regarding patent and other intellectual property rights as well as improper hiring practices. Irrespective of the validity of such claims, we could incur significant costs in the defense thereof or could suffer adverse effects on its operations.ITEM 1A. RISK FACTORS Item 1A of Part I of our Annual Report on Form 10-K for the year ended JuneÂ 30, 2024, filed with the SEC on AugustÂ 23, 2024, contains risk factors identified by the Company. There have been no material changes to the risk factors we previously disclosed in our filings with the SEC. Our operations could also be affected by additional factors that are not presently known to us or by factors that we currently consider immaterial to our business.44 ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDSNot applicable.45 ITEM 3. DEFAULTS UPON SENIOR SECURITIES Not applicable. ITEM 4. MINE SAFETY DISCLOSURESNot applicable.ITEM 5. OTHER INFORMATIONTrading Plans or Rule 10b5-1 Trading PlansThe table below summarizes the material terms of trading arrangements adopted by any of our executive officers or directors during the December 2024 quarter. All of the trading arrangements listed below are intended to satisfy the affirmative defense of Rule 10b5-1(c).NameTitleDate of AdoptionEnd Date 1Aggregate number of shares common shares to be sold pursuant to 10b5-1 trading agreementsStephen C. ChangChief Executive OfficerDecember 13, 2024July 31, 202517,371Â Yifan LiangChief Financial OfficerDecember 11, 2024August 22, 202535,142Â Lucas ChangIndependent DirectorDecember 16, 2024April 7, 202513,124Â Lucas ChangIndependent DirectorSeptember 3, 2024December 3, 202412,497 *1 Each plan will expire on the earlier of the end date and the completion of all transactions under the trading arrangement. *This rule 10b5-1 trading arrangement was inadvertently omitted in Item 5 of Part II of our Quarterly Report on Form 10-Q for the period ended September 30, 2024. This plan was terminated on or about December 3, 2024 when all shares were sold under such plan.46 ITEM 6. EXHIBITS10.1The Fourth Supplement to Non-Exclusive Distributor Agreement dated as of January 1, 2024 between Alpha & Omega Semiconductor (Hong Kong) Limited and Frontek Technology Corporation.10.2Fifth Supplement to Distribution Agreement dated as of July 1, 2024 between Alpha & Omega Semiconductor (Hong Kong) Limited and Frontek Technology Corporation.10.3Fourth Supplement to Distribution Agreement dated as of July 1, 2024 between Alpha & Omega Semiconductor (Hong Kong) Limited and Promate Electronic Co., Ltd.. 31.1Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.31.2Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.32.1Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.32.2Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.101.INSInline XBRL Instance101.SCHInline XBRL Taxonomy Extension Schema101.CALInline XBRL Taxonomy Extension Calculation101.DEFInline XBRL Taxonomy Extension Definition101.LABInline XBRL Taxonomy Extension Labels101.PREInline XBRL Taxonomy Extension Presentation104Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)47 SIGNATURESPursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. Â FebruaryÂ 6, 2025 ALPHA AND OMEGA SEMICONDUCTOR LIMITEDBy:/s/Â YIFAN LIANGÂ Yifan LiangÂ Chief Financial Officer and Corporate SecretaryÂ (Principal Financial Officer)Â 48ex101fourthsupplementfro Â ex102fifthsupplementfron Â ex103fourthsupplementpro Â DocumentExhibitÂ 31.1 CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TOSECURITIES EXCHANGE ACT RULES 13a-14(a) and 15d-14(a), AS ADOPTED PURSUANT TOSECTION 302 OF THE SARBANES-OXLEY ACT OF 2002I, Stephen C. Chang, certify that: 1.Â Â Â Â I have reviewed this Quarterly Report on FormÂ 10-Q of Alpha and Omega Semiconductor Limited (the "registrant"); 2.Â Â Â Â 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.Â Â Â Â 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.Â Â Â Â The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act RulesÂ 13a-15(f) and 15d-15(f)) for the registrant and have: a.Â Â Â Â 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.Â Â Â Â 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.Â Â Â Â 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.Â Â Â Â 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.Â Â Â Â The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions): a.Â Â Â Â 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.Â Â Â Â 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: FebruaryÂ 6, 2025 Â /s/ Â Â Â Â Stephen C. ChangÂ Â Â Stephen C. ChangChief Executive Officer>Â DocumentExhibitÂ 31.2 CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TOSECURITIES EXCHANGE ACT RULES 13a-14(a) and 15d-14(a), AS ADOPTED PURSUANT TOSECTION 302 OF THE SARBANES-OXLEY ACT OF 2002I, Yifan Liang, certify that: 1.Â Â Â Â I have reviewed this Quarterly Report on FormÂ 10-Q of Alpha and Omega Semiconductor Limited (the "registrant"); 2.Â Â Â Â 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.Â Â Â Â 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.Â Â Â Â The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act RulesÂ 13a-15(f) and 15d-15(f)) for the registrant and have: a.Â Â Â Â 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.Â Â Â Â 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.Â Â Â Â 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.Â Â Â Â 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.Â Â Â Â The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions): a.Â Â Â Â 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.Â Â Â Â 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: FebruaryÂ 6, 2025 Â /s/Â Â Â Â Yifan LiangÂ Â Â Â Â Â Â Yifan LiangChief Financial Officer and Corporate SecretaryDocumentExhibitÂ 32.1 CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002I,Â Stephen C. Chang, chief executive officer of Alpha and Omega Semiconductor Limited (the "Company"), certify for the purposes of 18 U.S.C. SectionÂ 1350, as adopted pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge,a.the Quarterly Report of the Company on FormÂ 10-Q for the fiscal quarter ended DecemberÂ 31, 2024 (the "Report"), fully complies with the requirements of SectionÂ 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; andb.the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.Date: FebruaryÂ 6, 2025 Â /s/Â Â Â Â Stephen C. ChangÂ Â Â Â Stephen C. ChangChief Executive OfficerDocumentExhibitÂ 32.2 CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002I,Â Yifan Liang, chief financial officer of Alpha and Omega Semiconductor Limited (the "Company"), certify for the purposes of 18 U.S.C. SectionÂ 1350, as adopted pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge,a.the Quarterly Report of the Company on FormÂ 10-Q for the fiscal quarter ended DecemberÂ 31, 2024 (the "Report"), fully complies with the requirements of SectionÂ 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; andb.the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.Date: FebruaryÂ 6, 2025 Â /s/Â Â Â Â Yifan LiangÂ Â Â Â Â Â Â Yifan LiangChief Financial Officer and Corporate SecretaryÂ Â