

AMBARELLA INC
Form 10-Q
December 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2016

OR

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

For the transition period from _____ to _____

Commission file number: 001-35667

AMBARELLA, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Cayman Islands (State or other jurisdiction of incorporation or organization) | 98-0459628 (I.R.S. Employer Identification No.) |
|---|---|

3101 Jay Street

| | |
|---|---------------------|
| Santa Clara, California (Address of principal executive offices) | 95054 (Zip Code) |
|---|---------------------|

(408) 734-8888

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of ordinary shares, \$0.00045 par value, of the Registrant, outstanding as of December 5, 2016 was 33,112,114 shares.

AMBARELLA, INC.

QUARTERLY REPORT ON FORM 10-Q

TABLE OF CONTENTS

| | Page |
|--|------|
| <u>PART I. FINANCIAL INFORMATION</u> | 3 |
| Item 1. <u>Financial Statements</u> | 3 |
| <u>Unaudited Condensed Consolidated Balance Sheets at October 31, 2016 and January 31, 2016</u> | 3 |
| <u>Unaudited Condensed Consolidated Statements of Operations for the three and nine months ended October 31, 2016 and 2015</u> | 4 |
| <u>Unaudited Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended October 31, 2016 and 2015</u> | 5 |
| <u>Unaudited Condensed Consolidated Statements of Cash Flows for the nine months ended October 31, 2016 and 2015</u> | 6 |
| <u>Notes to Unaudited Condensed Consolidated Financial Statements</u> | 7 |
| Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> | 23 |
| Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u> | 32 |
| Item 4. <u>Controls and Procedures</u> | 33 |
| <u>PART II. OTHER INFORMATION</u> | 34 |
| Item 1. <u>Legal Proceedings</u> | 34 |
| Item 1A. <u>Risk Factors</u> | 34 |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 56 |
| Item 6. <u>Exhibits</u> | 56 |
| <u>Signatures</u> | 57 |

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

AMBARELLA, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

(unaudited)

| | October 31, 2016 | January 31, 2016 |
|---|------------------------|------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$313,455 | \$268,056 |
| Marketable securities | 58,645 | 39,837 |
| Accounts receivable, net | 41,394 | 39,408 |
| Inventories | 23,340 | 18,167 |
| Restricted cash | 8 | 7 |
| Prepaid expenses and other current assets | 4,762 | 4,170 |
| Total current assets | 441,604 | 369,645 |
| Property and equipment, net | 4,291 | 3,448 |
| Deferred tax assets, non-current | 6,024 | 4,626 |
| Intangible assets, net | 4,162 | 4,178 |
| Goodwill | 26,601 | 26,601 |
| Other non-current assets | 2,162 | 2,117 |
| Total assets | \$484,844 | \$410,615 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | 28,364 | 14,175 |
| Accrued liabilities | 23,332 | 23,778 |
| Income taxes payable | 1,359 | 787 |
| Deferred revenue | | |